

THE LYE PROBLEM ONCE MORE.

COL. C. MASON KINNE'S COMMUNICATION.

We herewith give our readers the benefit of Col. Kinne's solution of the Lye Problem, which, in the main is, in results, the same as that given in the INSURANCE CHRONICLE, the insured gets his full indemnity and the salvage is the same. The method of apportioning the contributions of the several companies as given by Col. Kinne differs from ours, but we see no reason, from anything he says about the process, to warrant the assumption that his method is more correct or equitable than that presented by ourselves.

It would afford us much pleasure to be able to give his Rule due consideration, but just now we cannot indulge our wish, though we may do so on some future occasion. It suffices for the present that Col. Kinne agrees with us, in giving the insured full indemnity, and allows him the unexhausted insurance to which he is entitled, thus presenting evidence, from good authority, of the utter fallacy of the Lye method.

SAN FRANCISCO, May 24, 1886.

Editor INSURANCE AND FINANCE CHRONICLE.

Dear Sir,—I have perused your review of Mr. Lye's address in the "Adjustment and Apportionment of Fire Losses," in the March number of your Journal with a great deal of interest, from the fact that I have devoted considerable time and much thought to the very vexed question of proper apportionments under non-concurrent policies. There can be no question as to the fallacies of Mr. Lye's method of apportionment, wherein he causes the assured to suffer a loss with unexhausted general insurance still on hand, and you show this so clearly that all ought to see it.

Again, all of your "Axioms" are self-evident truths, but I must take issue with you in your method of carrying them out. Axiom 5, says: "No one policy can take precedence in claiming (or receiving) contribution from or at the ex-

pense of co-insurers upon the same loss." Quite true, but have you not given some of them precedence in your method of apportioning, or rather re-apportioning, in the example given. If you re-apportion for the deficiency under No. 4 in the ratios of *balances* of A and F brought from No. 5 and by E in the ratio of *initial liability*, somebody has a good cause to growl. I claim that the apportionment you make is right, but your *re-apportionment* is a departure from the *loss to loss* principle. Re-apportionment has no more right "to commence with the greatest deficiency" than has the original apportionment. The second act should be simultaneous, the same as the first, based on the Griswold loss-to-loss principle.

To enable you to see the difference of my method and yours I have worked out the example by the "Kinne Rule," a copy of which it gives me pleasure to enclose, and to the principle and practical workings of it I ask your careful consideration. We have had this "Griswold made perfect" under consideration before our Association out here for something like three years of active discussion, and I was finally enabled to establish the principle that what is right in one case is just as right in another, and so the Kinne Rule is our guide whenever any dispute arises.

You will see that in working out your example, I make the broadest policy, A, pay something more; and while all the results are changed more or less, the great saving affects Cos. C. and D. And why? Just because you began re-apportioning in No. 5 first, which D had a perfect right to be justly indignant about, and whose adjuster ought not to have submitted to the method that would squeeze him. Always apportion under the loss-to-loss principle, and when you re-apportion just stick to the text and repeat the operation. I have marked a couple of sentences in my argument regarding The Kinne Rule which will give you the idea in a nutshell.

Please note my departure, too, from the old system, under *partially concurrent* policies, and see if I am wrong in theory or practice. I claim that what is right in one class is right in all, if correctly applied, and I think I do so under my rule

Re-Apportionment of Insurance and final contribution to losses, under the Kinne Rule.

Houses.	No. 1.		No. 2.		No. 3.		No. 4.		No. 5.		Pays	Saving.	Saving.
Cos.	Insures	Pays	Insures	Pays.	Insures.	Pays.	Insures.	Pays.	Insures.	Pays.	Totals.	Kinne.	Ins. Chron.
A	621	467	621	467	621	590	1119	1119	2018	2018	4661	330	411
B	1000	751	1000	751	1000	951	1000	1000	1000	1000	4453	547	526
C	2500	1878	2500	1878	....	....	....	....	....	....	3736	1244	1452
D	1667	1252	1667	1252	1666	1584	....	....	....	....	4688	912	693
E	1201	902	1201	902	1200	1141	1398	1398	....	....	4343	657	603
F	....	....	....	....	1675	984	1733	1733	2232	2232	4949	51	25
Ins.	6989		6989		5522		5250		5250		30000	3750	3750
Losses.		5250		5250		5250		5250		5250	26250		

I have discarded fractions of a dollar, all the way through, and for comparison have forced your "salvages" to conform, as you see. I also enclose copy of a paper of mine of Feb., 1885, and some "Practical Workings of the Kinne Rule."

Very respectfully,
C. MASON KINNE,
Special Agent L. & L. & G. Ins. Co.

The estimated loss by the Berlin, Germany, conflagration on May 29th ult. is 3,000,000 marks, which is stated to be the largest ever experienced in that city.

Death demands thirty millions of mortals annually; nearly one for every second of time. With the possibility that you will be next, you should not neglect to secure a policy of insurance on your life. The *Etna*.