

a certain hostility to it in their evidence. They showed partiality in manner if not in *matter* towards the defendants. The "Citizens" won their case without the aid of friendly testimony. They relied on the statements and figures they put in evidence, and won on these, which was, I am sure, satisfactory to them. Notwithstanding, the friends of both parties must greatly regret that the action was ever instituted. What lasting good can come of it to either? The "Citizens" has had all its affairs exposed to criticism, present and future, thus putting it in the power of rivals to twist a meaning out of its figures, adverse and perhaps unfair, to the Company, whilst the *Budget* by the mouth of those unfriendly to it will be styled a libellous paper, a name which it does not deserve, verdict or no verdict, and has not shown a tendency to deserve.

Mr. Justice Rose in his charge to the jury dealt lightly with the *Budget* people, but emphasized the evidence as against McCord, the co-defendant and author of the letter which caused all the trouble. As is usual in insurance cases of the kind there was a lot of what is known as "poppy cock" (is that the right word?) given off, especially as to rates. "The proper figure," the "Living rate," the "Tariff rate," "Cut-throat rates" were mentioned, and which, when explained, did not, I am sure, tend to elevate the profession in the eyes of laymen. For instance, it was urged in proof of the alleged "reckless underwriting" of the "Citizens" that it accepted the insurance on the Public School Buildings in Toronto at .65 for three years. The rate being .80, i. e., the local agents of this city forming our Board, from their combined experience found that .80 was the "living rate" on Public School Buildings. To support the .80 view, the Governor General of the "British (and U. S. of) America" Insurance Company was called up by the defendants. He said his Company would not accept under .80. Wanted the best rates going, etc. Said .80 was the "living rate, etc." On cross-examination he admitted that whilst this "living rate" was the correct thing to charge, that outside Toronto, (Montreal, perhaps) his Company might accept similar risks at a lower figure—didn't cost so much to *live* in Montreal as in Toronto, you see. He also admitted that they generally charged lower rates in Montreal than in Toronto. The laymen present could not understand these things. Poor laymen!

It is no news, perhaps, to tell you that the "Sovereign" has ceased to do business—is going on the retired list, without a pension. As the "Isolated Risk" Insurance Company, there was a good chance for the Company to have made money, but "isolated" with them came to mean detached, so they called a risk *isolated* with 10 feet between it and another. The "isolated" rates were too low for the losses incurred. So it changed its name and the management, still struggling with adverse fortune; then they changed the management again, and went to joint housekeeping with a richer neighbor, the "London and Lancashire" in the "Mail Buildings;" but in such a conservative stronghold, Mr. McKenzie's Reform Company could not long survive its misfortunes. Even the "living rates" have not saved it. Didn't get a large enough dose, perhaps. The "Glasgow and London Re-assurance Company, I believe, are likely to inter the remains.

On the 23rd instant will be held in this city the annual general meeting of the Canada Fire Underwriters' Association, so that we shall be favored with a visit by several Montreal insurance magnates at that time. Much interest is felt in this meeting, as many matters of importance will come before the assembly for consideration, not the least important one either will be the introduction of a tariff of rates for Province of Quebec, which will include Montreal. You ought to have a share in the benefits of a minimum tariff as well as Ontario. We really desire to do the right thing by you, you see.

The timely help and succor that *might have been* afforded by Life and Accident Insurance to the families of the killed, and to the wounded themselves in the late lamentable railway disaster near the Humber, is painfully evident when you consider that of the 29 dead, husbands and sons, the respective families are left without support other than that collected from the public charity, pending the "compensation" to come from the G. T. R. Co. I understand that the representative of a prominent accident company had been in communication before the disaster with these very men and their fellow

employees at the Bolt works, with the view to granting special terms for the insurance of \$1,000 on each man, with weekly allowance for injuries, and that the negotiations fell through because the men formed some kind of benefit society among themselves. Poor fellows, I fear in such a wholesale slaughter their surviving fellows could do but little to relieve the needs of the widows and orphans.

Yours,

ARIEL.

Toronto, 15th January, 1884.

LUMBER ADJUSTMENTS.

The Editor INSURANCE SOCIETY.

I have read with much interest your article on "Lumber Losses," which contains some valuable information but is not, I think, correct in some of its conclusions. In this as well as in all other losses it is necessary first to consider that a policy of fire insurance is a contract to indemnify, to an extent not exceeding its amount, for the loss and damage by fire, consequently it is necessary to establish the exact amount of the loss and damage inflicted by the fire, pure and simple; the actual cost of the lumber may, or may not, be the measure of the fire loss, as in the lumber business there are so many contingencies to be taken into account which may seriously affect the problem.

There are two, separate and distinct factors to be taken into consideration, each of which is governed by circumstances some of which are foreign and others of which are local. In the first place, as no stream can rise above its fount so lumber cannot be more valuable than its price at the place of distribution (Albany or Chicago), less the cost of carrying and handling, so that, taken for Ontario generally and for Western Quebec, the Albany prices, less the various charges between the place of the burning and Albany, and allowing a fair margin for profit of manufacture, you produce a fair measure of indemnity to the manufacturer. This problem is affected by the rise and fall of cost of transportation and the habits of shipment of the parties, because, if the assured has sufficient means to enable him to hold his lumber, he will not ship any during the months when freights are higher than the average, or, if he is dependent upon the market for funds, he will be entitled to a consideration of the averages in freight as in everything else.

In the second place, the fire loss may be arrived at approximately by finding the *average* cost of production of lumber of the like grades and qualities; but the actual cost to the assured may differ very widely from the average, and so may be as measure of his fire loss; suppose, for instance, each of two persons, A and B, purchases two hundred square miles of timber limits of equal quality for an equal price,—A has the good fortune to preserve his timber from forest fires, has good seasons for cutting, hauling, driving, booming and towing; gets his men at fair wages, has efficient foremen and honest purveyors who purchase and deliver supplies at low rates. B is not so fortunate, half his limits are destroyed by prairie fires; the ground is bare half the winter, whilst during the other half the snow is too deep for good hauling, then, being light and recent, the snow goes off with a flood which makes the streams too rough for a while and then too shallow for driving; a storm strikes the boom and scatters the logs, contrary winds prevent the towing, wages are high, foremen are inefficient, purveyors are ignorant or dishonest, and yet, although all B's misfortunes added together do not increase the value of his loss by one cent although they nearly treble the cost, so that, without cutting one of the logs into lumber he is a ruined man, but, if he cuts his logs into boards, and adds the cost of cutting and piling to the cost of his logs, and then some greenhorn of an adjuster takes the *combined cost as the measure of the loss and damage by fire*, he saves friend B from bankruptcy at the expense of the insurance company.

There are lumber producers whose business is managed by a system of Brigadier Generals with high salaries and velvet slippers, whilst there are others whose business is managed by those who *lead the men to work* and take part in everything difficult or dangerous, so that, by their skill and intelligence, most of the contingencies of the business are avoided or obviated.