term, however, is misleading, as it does not mean what it says. A 'with average' policy includes all the conditions of an 'F.P.A.' policy, but in addition it provides that if the goods receive damage which amounts, as a rule, to 3 per cent. of their value, the assured can recover, even though the warranty has not been broken. There are many kinds of 'average' clauses drawn up in connection with various classes of goods which time did not permit the speaker to touch on.

"The last form of insurance is an 'all risks' policy, and by this term the speaker means a policy which covers all and every risk of whatsoever nature. As stated above, it is difficult to obtain this form of insurance, and the rate runs anywhere from four to ten times the amount charged for 'F.P.A.' insurance.

### Settlement of Claims

"Now as to the settlement of claims, which, after all, is the point in which the assured is most interested. First of all, that where goods arrive damaged at their port of destination, the consignee is not entitled to abandon them merely because they are damaged, but must take delivery of them, pay the charges in the ordinary way and prove his loss. If the underwriter decides to compromise the claim or to pay a total loss and take over the goods himself, he is entitled to have these goods handed to him free from all charges for freight and duty, the reason being in most instances that he does not insure the freight and duty. It is settled law that the basis of adjustment of losses in connection with cargo is the sound market value at destination, and in this connection he gave two instances to show how this works out.

"Supposing, for example, that a consignee is importing a shipment of goods, the invoice price of which is $1,000—he probably insures for $1,100, covering his profit of 10 per cent. The goods, on arrival at destination, with the addition of freight and duty, are probably worth, say, $1,500. Now if they arrive damaged, the first thing to be ascertained is what their wholesale value in damaged condition actually is. Supposing that the consignee feels that he can dispose of the goods for, say, $1,200, or, in other words, that there is a damage of 20 per cent., and this basis is agreed to by underwriters, he recovers from underwriters 20 per cent. of the insured value, or $220. If, on the other hand, no agreement can be reached as to the actual percentage of damage, the only method of arriving at the amount of the loss is by selling the goods at auction, and, assuming that they realize $750 gross, or, in other words, that there is a 50 per cent. loss on the sound value, the consignee can recover 50 per cent. of the insured value, or $550.

### How Losses are Adjusted

"Now, in the first instance, it will be seen that the loss on the sound value is $300 and the consignee recovers only $220, and in the second instance the consignee's loss is $750 and he only recovers $550. This difference is a frequent cause of dissatisfaction and complaint on the part of consignees, as they feel that they are not receiving justice from underwriters. As a matter of fact, this is not the case.

"The value of any shipment of goods at destination is really made up of four component parts: (1) Invoice value and shipping charges. (2) Duty. (3) Freight payable at destination. (4) Profit.

"Now in the cases above mentioned, and this is the basis on which goods are usually insured, the consignee covers his invoice value and his profit, but does not insure the duty and the freight payable at destination. Now, if one had a 50 per cent loss, it affects all the component parts that go to make up the value of the goods, and, to take the last case quoted as an example, what the consignee recovers from his underwriters is 50 per cent. of the invoice value and 50 per cent. of the profit, both of which are insured, but he does not recover 50 per cent. of the duty and freight, which amount to $200, for the reason that he has not insured them. It, therefore, follows that if a consignee wishes to completely cover himself in case of loss he must, in addition to insuring the invoice value and the profit, cover also the duty and the freight payable at destination against 'particular average' only. He does not need to insure these against 'total loss' or 'general average,' because, in the event of the goods not arriving, there will be no duty or freight to pay.

### Meaning of "General Average"

"The term 'general average' above is a form of loss which is covered by all marine policies unless specially excluded. Countless books have been written on the subject of 'general average,' but the following simple example will give a general idea of what it means. If a ship and cargo go ashore, it is reasonable to expect that unless something is done to float the ship both the vessel and cargo will eventually become a 'total loss.' In order to avoid this tugs are sent out. Possibly part of the cargo is discharged, and eventually by this means the vessel is floated. The benefit thus gained is not confined to any one interest, but is common to all parties who have anything at risk on the boat, and the expenses incurred are divided over the various items at risk in proportion to their respective values at destination. This is, of course, only the briefest outline, as 'general average' is a very complicated subject."

## PRICES DECLINED IN OCTOBER

A decline of 4.8 per cent. in wholesale prices during October is recorded by a new index number which has been constructed by Professor H. Michell, of McMaster University, Toronto. It is based on forty commodities, twenty foodstuffs and twenty manufacturers' goods. The figure was 242.1 for the month of October, a decline of 4.8 per cent. over the previous figure of 254.5 for the month of September, and a decline of 18.1 per cent. over the peak of 298.3, reached in May of this year. In foodstuffs declines were registered in flour, beef, bacon, butter, cheese, sugar, rice, canned tomatoes and oatmeal, while fresh eggs advanced. In manufacturers' commodities declines were registered in rubber, wool, cotton, hides, silver, lead, copper, tin, the remaining commodities staying unchanged.

It is noticeable that the decline from August to September was one of 7.8 per cent., while that from September to October was only one of 4.8 per cent. This is to be accounted for on the ground that, while the declines were actually more in number, they were less violent, showing a more general but equal recession. Every indication points to a steady and general decline in all lines for some time at least, but there seems to be no danger of a serious break in the markets, says Professor Michell. The index number is based on the last quotation of each month in the Toronto markets, the base, 100, indicating the average price of the commodities for the years 1900 to 1909.

## LONG SERVICE WITH LONDON AND LANCASHIRE

Eight officials of the London and Lancashire Fire Insurance Company, who were recently assembled in Chicago, averaged over thirty years of service with the company, the aggregate being 243 years. The occasion was a dinner given by Manager Charles E. Dox, of the western department, in honor of General Manager F. W. Pascoe Rutter, who is now on his way around the world, visiting the principal branches of the company.

Mr. Rutter himself heads the list with a credit of 47 years' service; Alfred Wright, manager at Toronto and chief agent for Canada, 38 years; A. G. McIlwaine, Jr., United States manager, 34 years; A. W. Blake, branch manager at Winnipeg, 32 years; A. R. Hancock, manager at Atlanta, 27 years; Carl Clausen, superintendent of agents of the western department, 24 years; Alfred Brame, superintendent of agents of the south-western states, 21 years, and Charles E. Dox, manager at Chicago of the western department, 20 years.