

no more of such losses. How shall this be done is the question?

As we have already said, this is an unsolved problem though many efforts have been made to explain it. In England, where fire insurance may almost be said to have been first practiced, the practice in the matter of apportionment and contribution of losses seems to be very unsettled, embracing a system of rules for averages, ranges, etc., etc., that has become at length so utterly complicated and confusing that no one can understand them or know how to properly apply them. So long ago as 1859, Mr. David Christie, then of the Sun Fire Office, London, speaking upon this point said: "The different systems in operation are unnecessarily complicated, and the machinery by which each (of the rules) is set in motion so rude and unconnected, that the wonder is, not that any attempt at improvement has given rise to a word of warning, but rather that the cumbersome construction should have lasted so long. * * It has been said that no better reason can be assigned in support of present practice, than that an office expects to recover by it at one time what it loses at another. This reliance on caprice of fortune indicates how little the principles of average are understood, and how strongly attached the offices must be to a system in itself eminently defective, when so little sign of effort has been evinced to replace it by a more intelligent rule."

The late Mr. Hore, in his "remarks on the apportionment of fire losses," p. 10, A. D. 1870, says: "Rules (made by the offices from time to time) exist for the regulation of apportionments, but they are all, more or less of an empirical nature. In many cases, they give anomalous and inequitable results; frequently they are interpreted by different offices as justifying different apportionments of the same loss; sometimes they are disregarded altogether; and they all fall very far short of being applicable to all possible cases."

Yet in all this time there have not been lacking good underwriters with a capacity to take in the situation and plainly point out a clear way to a permanent reform in this direction. Among these we number especially Mr. Thomas Miller, then of the Scottish Union Society, London, and now of the Liverpool office of the Royal Insurance Company, who published his plan of apportionment in the ratio of the losses (the Griswold rule of this Continent) in the Journal of the Institute of Actuaries, July 1856, p. 202, and April 1859, p. 140, and Mr. Christie, above cited, same Journal, April, 1859, p. 146. Wherein are set forth the few essential points necessary to be fully comprehended to render the correct adjustment of the most complicated loss, a simple matter of computation. In 1842 a system of adjustments of losses under floating policies was practiced in Liverpool, England, known as the "Independent liability principle; by which the liability of each policy was first separately ascertained, and from these the true contribution of all co-insuring policies was readily ascertainable, each having first been made virtually specific. But as this system involved important changes in practice and in form of the policy, or from some other cause, it was abandoned.

While this condition of affairs existed, and still exists, in the Mother Country, the practice in this country was still worse, as we had no settled rule, and adjustments were made at haphazard, and in the easiest way possible. And across the line, our yankee cousins, though numbering many so-called rules for apportioning loss among non-concurrent insurances, dating from 1842, as the Reading, the Finn, the Albany and others with no specific designation, were until quite recently, quite as much at sea without chart or rudder as England or ourselves in this matter. But within the last few years, the Miller-Griswold rule, of the Fire Underwriters' Text-Book, has been quite generally adopted among Adjusters there and in the Dominion; and the practice has consequently become more uniform. Of the why and the wherefore of this rule we shall speak in our next issue.

SALVAGE IN FIRE INSURANCE.

Salvage is one of the terms in use in connection with underwriting that has come from the earliest days of marine practice, but the word has undergone some change in its application in the meantime; at first it was used to designate solely the compensation paid for services rendered by salvors, others than officers and crew of disabled vessels, for rescuing property from actual or impending danger on the coasts of seas, and on inland lakes and navigable rivers, and had no reference to the property thus saved, so aid rendered to vessels in distress at sea is termed "Salvage Services." Salvage services are usually paid for by a certain share of the rescued property to be fixed by and at the discretion of Admiralty Courts, where not fixed by law as is the case in some countries. It is a peculiarity in salvage services, however, that no salvage is earned unless the property is saved.

The term, however, eventually came to be applied to any remnants under what is known as "a constructive total loss" in marine practice and the compensation paid to salvors was distinguished as "salvage expenses," which became a subject of general average among the several owners under certain agreed for contingencies, the insured has the option of abandoning the salvage to his underwriters and claiming as for a total loss; the abandoned remnants upon acceptance of the abandonment, become the property of the underwriters to be disposed of for their benefit, and it not unfrequently occurs that good returns are reached by judicious handling of the salvage, upon the chances of a rising market.

Abandonment originated in the principle of indemnity, which requires that the insured shall not be paid the full value of his insurable interest and at the same time retain such interest, or any portion of it, such as retaining the salvage after receiving payment for a total loss. From this same principle results the doctrine of subrogation, under which, upon the payment of a loss, total or partial, an equitable right to such interest itself, vests in the underwriters to the extent to which payment may have been made.

Under the fire policy the term salvage is used in the sense of safe or saved, and is indiscriminately applied alike to