

FEBRUARY,

1884.

INSURANCE SOCIETY

VOL. IV.

No. 2.

OFFICE :
102 St. Francois Xavier St.

MONTREAL, FEBRUARY 20, 1884.

SUBSCRIPTION :
\$1.50 per ANNUM.

The Office of
"INSURANCE SOCIETY"

IS IN THE
EXCHANGE BANK CHAMBERS,

No. 102 St. FRANCOIS XAVIER STREET, MONTREAL

Annual Subscription (in advance)	-	\$1.50
Single Copies (in numbers less than 100)	-	0,15
Per Hundred Copies	- - - -	12,50

It is our intention to keep a Record of all the Agents in the Dominion, and we will always be pleased to assist companies to secure good, reliable agents, and agents' companies. These services are, of course, rendered free of charge. We may state that we already have the names of all the principal Agents in Canada on our list.

If Agents who want Companies—or Companies who want Agents—will write us stating their wishes, we will do our best to meet their views, and, if desired, their communications will be considered private.

Owing to the want of space we are compelled to hold over our January FIRE RECORD until next issue. While on this subject we would beg to remind the fire offices that we endeavor at very considerable time and trouble to make our Fire Record as correct as possible; and if all the fire Cos. would kindly let us have a report of the previous month's losses, by, say, the eighth of each month following, they would very materially lighten our burden and make the RECORD we think valuable to themselves. If we get the assistance and co-operation we anticipate we shall classify the different risks each month, and do our best to make the Record of value to the companies. Of course it is understood that the reports to us are considered confidential as heretofore.

MEASURE OF DAMAGE.

PART II.

We continue from the January issue of INSURANCE SOCIETY, the discussion of this interesting question :

Cash value : the price at which any article can be sold at any time for cash. But in a forced sale at auction such value received does not always represent the actual, or cost

value, which would be indemnity to the insured. Hence *market value* has been generally adopted as the measure of damage in cases of loss under insurance, because it more nearly represents the amount of injury suffered by the insured, by furnishing the value in exchange for which the loss or damage can be repaired. The right of reinstatement by the insurers, at their option, fixes the value at which the indemnity can be made good.

Having thus explained the bearing of the several terms cost-price, sale-price, market value, cash-value, etc., we now proceed to make a practical application of them, under the terms of the policy and the axiom that "the measure of damage is the exclusion of profits" in the several cases, of manufacturer or producer, wholesale merchant, jobber or factor, and the consumer, the application of this measure being peculiar to each.

The customary form of the indemnity clause of the fire policy is as follows :

"The cash value of property destroyed or damaged by fire shall in no case exceed what would be the *cost to the assured*, at the time of the fire, of replacing the same; and in case of the depreciation of such property, from use or otherwise, a suitable deduction from the cash cost of replacing shall be made to ascertain the actual cash value."

This clause reduces the "measure of damage" or cash value of the loss within fixed and readily ascertainable limits; and as the terms and conditions of the insurance policy of to-day have been the result of years of past experience in the practice of fire underwriting, and the efforts of Company officials of intelligence and skill in their profession to keep the conditions within, and yet up to, the requirements of the law and the construction of the courts, it may be safely assumed that none of the stipulations, terms and conditions of the instrument are without emphatic meaning. Applying, then, these conditions of the policy, under the hereinbefore cited axiom that indemnity means simply cost not gain, we find the several classes of insurers to rank as follows :

To the *manufacturer or producer* : at the place of production, the measure of damage will be the "market value," on the day of the loss, of the raw material, purchased for cash (Insurance Adjustments are all made upon *cash values*) plus expenses of manufacture, without allowance for plant, rent, interest, profits, or outside expenses of carrying on the business.

If the producer's goods be in the hands of a factor or commission merchant for sale, the freight and expenses of