

one actual failure, we believe, among the English companies and that was of a small and unimportant company. In the United States the deposits and the statements are required, but the benefit to the public from these has been largely neutralized by the artificial solvency standard, which has thrown so many companies into the hands of receivers, to have their funds squandered and stolen by hoards of hungry lawyers and hangers-on. If there is any use at all for a legal standard as stringent as that in use in New York and Massachusetts, it can only be for the purpose of preventing any company which cannot conform to it from doing *new business*, not to put it into insolvency. Let it work its risks off honorably or reassure with some other company. This could almost invariably be done without loss to the policyholders, and with profit to the reassuring company.

CONTRIBUTION IN FIRE UNDERWRITING

PART II.

As the payment of loss under *specific* or fixed insurances is but a matter of simple arithmetical division in the ratios of the several insurances to the sum of the loss, the only question where doubts can arise as to the application of the Contribution Clause is where the apportionment of the insurances among co-insurers is complicated by the intervention of compound, or otherwise non-current policies, all of which must first be made of the *same denomination*, before the arithmetical division above spoken of can be made. Hence, with a view to elucidate this question, before proceeding further with the contribution clause, we now propose to introduce

THE COMPOUND POLICY

and, so far as we may be able, explain its status and relation to specific insurances, and just how it can be made of the same concurrent denomination so as to enter into contribution with specific co-insurers; and if in so doing we shall seem to draw largely upon the Fire Underwriters' Text Book our excuse, if any be needed, is that this able work so completely covers the ground that little new can be said upon the subject.

A compound or collective policy is a loose floating contract, covering in one sum, at a single rate of premium, upon several subjects or items in one or in several localities. Its object is to cover property or value which cannot well be covered by simple specific insurances, for the reason of frequent changes in quantities or location; it is used as a supplement to specific insurance to protect any uncovered values not included in such specific policies.

Compound insurances are of two kinds, viz., what is known as the GENERAL or blanket form, which covers in one amount upon several subjects in one specified locality at a single rate of premium, like the "specified" policy in English practice; it is, in fact, a limited floater, having a restricted range, being confined to a single locality, subject to a common burning, while the floating policy or "floater," as it is commonly called, covers in several localities, floating, as it were, over the whole, and ready at any moment to drop in that locality where its presence may be necessary to make the indemnity to the insured complete, being thus, as the Text Book happily defines it, "a specific insurance upon each

subject under its protection to its full extent, should the loss upon any one or more of such items require, for no policy can apply to a portion only of the property under its protection; it must protect as large a portion as possible of the whole, within its liability."

The American Courts hold that, where a policy covers concurrently with co-insurers upon several subjects, and in addition covers a separate item not included in any of the other insurances (Compound Policy Class 2. of the Text Book), that the evident intention is to cover the separate article *first*, leaving any balance to cover the Concurrent subjects," thus: if Company A covered building, and Company B covered building and contents, in the event of loss on both, Company B would first pay the loss upon contents, and, with the remainder of its amount, if any, contribute with Company A on the building.

But where the compound policy covers only, and identically in a single sum, the subjects covered by the other insurances, either specifically or compound, the mode of reducing such compound insurance to a specific denomination, in which it can contribute with its specific co-insurers, is in a different form, though based upon the same principle, that is in the ratio of the losses upon the several subjects of the compound insurance, of which we have spoken in our columns frequently heretofore, so that, at this time, we give only the following illustrations:

Company A covers building..... \$1,000.
 " " " machinery..... 1,000.
 " B " both..... 2,000.

Loss on building \$1,000, and on machinery \$1,000. In this case Company B, being the compound policy, will be made of the same denomination of Company A's insurance, in the ratio of the losses; which will be one half, or \$1,000, on each. The contribution to the insurances will then be:

	Building.	Machinery.
Company A.....	\$1,000	\$1,000
" B.....	1,000	1,000
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Total insurance.....	\$2,000	\$2,000
To pay loss.....	1,000	1,000

Or, in a still more *seemingly* complicated case of *double* compound insurance, as follows:

Company A covers teas and sugars.
 " B " sugars and wines.
 " C " wines and fish.

In this example we have the Text Book's two classes 1 and 2. The item *fish*, of C's policy, being *specific*, must first be paid, and in the remainder C will contribute with B on wines, in the ratio of the respective losses, and B will contribute with A in its balance on sugars, with any balance of A after *first* paying its *specific* item on *teas*.

(To be Continued)

New York Insurance Report for 1883.—We have to express our thanks to Superintendent McCall for his courtesy in sending us bound volumes of the Fire and Life Reports of his department for the year 1883. We referred in our last issue to the promptitude with which the worthy Superintendent issued the Fire Report, and he has with equal promptitude published the Life report. Considering the mass of facts and figures contained in these reports too much praise cannot be accorded to Mr. McCall for the ability and energy displayed in connection with them. He is evidently the "right man in the right place."