company having such a very large proportion of its business of long standing and well seasoned, has only as much assurance now in force as it issued during the past six years, we cannot but think that our Canadian companies have good cause to be well satisfied, rather than otherwise. It must not be forgotten, too, that a large proportion of the business of the Equitable is transacted on the Tontine plan which allows no surrender values, and thus discourages cancellations as far as it is possible to do so.

The case of the Connecticut Mutual furnishes a striking example of the fallacy of any argument on the basis set up by our contemporary. That company would appear by it to be in a very satisfactory condition, since its assurances now in force equal all the policies it has written during the last twelve years. The fact is, however, that it is just because the Connecticut Mutual is not in a flourishing condition and does not enjoy the confidence of the public that it makes such a good (?) showing by this test.

CONTRIBUTION IN FIRE UNDERWRITING.

PART III.

In continuation of our subject, we further illustrate the compound policy by reference to the two examples of compound and specific insurances cited in our last issue, in which the former presents *two* peculiar phases, viz. : In the *first* example the compound policy covers precisely the same subjects that are included in the specific insurance, both covering *concurrently*, with the exception that company B—the compound—covers both in a single amount, while company A—the specific—covers in specific or fixed sums upon each thus :

     Company A on Building $1.000
     "   "   "   Machinery   1.000
     "   B   "   Both   2,000

Hence the contribution of company B to any loss upon either of its subjects will be contingent upon such losses, and will be apportioned upon each in the ratio of the loss to the amount of its insurance, which fixes its primary contributive liability.

The SECOND phase of the compound policy is where it covers a subject concurrently with its specific co-insurer, and has an additional subject of its own, in which the specific policy has neither interest or liability, thus :

     Company A covers Building $1,000
     "   "   Building and Machinery $2,000
   On which the losses are Building $1.000 Machinery $1.500

In this case, as the compound insurance alone covers the machinery, and as the loss thereon is within the amount of the policy, it must *first* pay its own *specific* item, before contributing with its co-insurer upon the concurrent subject, and with any balance of unexhausted insurance will contribute with company A on the concurrent subject, and out of this joint sum the concurrent loss will be paid. The *specific* subject of the compound policy, machinery in this case, if not paid for by its insurer will not be paid by the specific policy A which does not cover it in any way, and the insurer will fall short of his indemnity to that amount ; while the

legal requirement is that no adjustments between co-insuring companies can be made that will fail to give full indemnity to the insurer, within the amount of his insurance. And it is a further axiom that 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 maximum liability.

The compound policy *always floats to meet the loss;* but it does not *always float in the ratio of the loss to the insurance,*—of which the *second* phase of this class of policies is an example. It floats in this ratio *only when the compound policy has co-insurers upon all of its subjects ;* and then only to obtain a basis for co-contribution under the requirements of the contribution clause—of which the *first* phase of this class as above given is an example—for should such primary apportionment of the insurance fall short of full indemnity to the insured, and the aggregate insurance be not exhausted, a re-apportionment becomes necessary to reach this result ; and the floater being, by its nature, liable for its full amount upon any one or all of the subjects under its protection, when necessary to meet the loss, may be called upon to pay losses upon certain of its items in excess of the sum primarily apportioned under the contribution clause, thus floating with the loss in the end, but not in the ratio of the losses to the insurance under the floater.

The second and last example given in our May issue, presents a combination of the two phases just discussed, being simply double compound insurances, representing both concurrent and non-concurrent policies ; the *first* phase being where the several specific, or single subjects of the floaters—A with teas, and C with fish,—have first to be paid without being subject to division in the ratios of losses to insurances on their several items. The *second* phase is where the balances of unexhausted insurance after the specific items of loss have been paid, are distributed in the ratio of the losses upon the concurrent subjects to the unexhausted insurances thereon ; and the whole remaining insurance is brought into contribution in these ratios under the contribution clause, subject to after reapportionment of any portion of it to make good any deficiency arising under this apportionment. As example is usually more effective than precept the following solution of the problem is appended viz.:

   Company A covers, Teas and Sugars   5,000
       "   B   "   Sugars and Wines   5,000
       "   C   "   Wines and Fish   5,000

     Total Insurance $15,000

Losses viz.: on Teas $3,500, on Sugars, $3,000
         on Wines 2,500, on Fish   4,000

     Total Losses $13,000

APPORTIONMENT OF INSURANCE (First Phase).

   Company A Teas $3,500 leaves unexhausted $1,500
       "   C Fish   4.000   "   " $1,000

Having thus disposed of the specific subject of these two floaters we come to the

APPORTIONMENT OF INSURANCE (Second Phase),

where the contribution of the co-insurers is in the ratio of the loss to the insurance, as follows :