

Reference was made a week ago to the difficulty experienced by the receivers of the Nichols & Langworthy Machine Co., of Hope Valley, R.I., in collecting claims from some eleven unlicensed companies and underwriting associations. As some of these have been sending circulars into this country and soliciting business, the following particulars from the New York Journal of Commerce will be of timely interest to Canadian readers.

COLLECTING FIRE INSURANCE CLAIMS FROM UNDERGROUND COMPANIES.

Difficulties Encountered by Receivers of Nichols and Langworthy Machine Co.—Eleven Unlicensed Companies and Underwriters' Associations Seek to Evade all Liability on Technicality—In Contrast to fairly based Settlement Agreed to by all the Licensed Companies on the Risk.

Some rather sensational developments, according to the New York Journal of Commerce, have grown out of the attempts to settle the loss by the fire of April 13, in the plant of the Nichols & Langworthy Machine Company at Hope Valley, R.I. Canadian property owners who have been disposed to place their fire insurance in unlicensed institutions abroad because of inducements in the matter of reduced premiums, will find the difficulties the machinery company and its receivers have experienced of peculiar interest. The receiver for the Nichols & Langworthy Machine Company, William Beverly Winslow, has recently returned from London, where he instructed attorneys to bring suit against eleven companies, underwriting associations and Lloyds, for payment of their proportion of the loss, under policies aggregating \$280,000. These companies and underwriting associations, some of rather doubtful financial responsibility, says the New York Journal of Commerce, deny liability on a technicality based on alleged misstatement in the cabled application for the insurance.

Had Shifted from Licensed to Underground Companies.

The plant had for some time been protected by insurance of a number of well known and reputable companies, all legally authorized to transact business in Rhode Island, their policies aggregating \$370,000 on the plant and \$90,000 on the use and occupancy. These policies were cancelled on March 9, of this year, because of some difficulties in the matter of the payment of the premiums. The insurance was subsequently placed by Oviatt & Mason, of New Haven, largely through W. H. Crane & Co., of London, in Lloyds, London, some small "surplus line" British companies and four underwriting associations of rather uncertain character. Four regularly admitted companies of unquestioned standing also remained on the risk. The insurance at the time of the fire, as already given in the Journal of Commerce was as follows:

List of Insurance.

Sun Ins. Office, Lon....	\$10,000	Royal Underwriters....	\$25,000
Niagara Fire of N.Y....	10,000	International Limited	
Lon. Assur. Corp.....	5,000	of England.....	17,500
Concordia of Milwau-		Lloyds, London.....	62,500
kee, Wis.....	5,000	Fine Arts & General...	50,000
Brit. Underwriters....	25,000	Cosmopolitan Ins Corp.	
Brit. Crown Assur.....	25,000	Eng.....	15,000
United Lon. & Scot....	25,000	North Eastern Ins. Co.	5,000
Imperial Underwriters.	25,000		
Roy'l Alliance U'writers	25,000	Total.....	\$330,000

Settlement Agreed to by Regular Companies.

The four companies regularly admitted to the United States, namely, the Sun Insurance Office of London, Niagara Fire of New York, London Assurance Corporation, and Concordia Fire of Milwaukee, made a settlement in the nature of a compromise on the following basis: Sound value, \$314,698.91; loss and damage, \$169,998. The above "sound value" was arrived at by reducing the values claimed in the proof of loss by 25 per cent. so that the four companies named admitted liability to the extent of 51.51 per cent. of the face of their policies. The Niagara Fire of New York promptly paid its share shortly after the settlement was reached and the other three have delayed payment because of some liens having been made on the property which brought the insurance money into litigation. They will undoubtedly pay their proportion into court, leaving it for the court to decide to whom the money belongs.

Unadmitted Companies Deny all Liability.

All the unadmitted companies and associations, following the lead of Lloyds, London, have denied liability on the grounds of misrepresentations in the cabled application for the insurance. The allegation of misrepresentation is based upon the fact that the cable application called the plant "sprinklered," and this, they assert, would imply that it was fully protected by automatic sprinklers, whereas such was not the case. As a matter of fact, however, the survey made by the New England Bureau of United Inspection showed that the plant was 54 p.c. equipped with sprinkler protection. William Beverly Winslow, receiver in New York for the Nichols & Langworthy Machine Company, went to London in August to try to collect the insurance placed through Crane & Co. Thus far this has met with no success, and attorneys in London have been instructed to bring suits against eleven of these insurance companies and underwriting associations.

Mr. Winslow recently returned to New York, and from his accounts of the result of his investigations on the other side the chances of the Nichols & Langworthy Machine Company or its creditors recovering any considerable portion of this insurance are not at all rosy. Before leaving London Mr. Winslow furnished the attorneys who are bringing the suits against the insurers a complete report of the history of the Nichols & Langworthy Machine Company and its fire insurance operations. In this report, which was written in London, Receiver Winslow thus answers the contentions of the repudiating companies that there was any misrepresentation:

"I wish to call your attention to the fact that the so-called 'Automatic Sprinkler clause' attached to all these policies was prepared on this side