

contracts that do not contain a co-insurance condition, insurance in proper proportion to value being obtainable at greatly reduced cost, as a result.

It has sometimes been claimed by those ignorant of the application of co-insurance conditions that such clauses are tricks, or traps laid by insurance companies to catch the unwary.

Nothing is further from the truth, however, and the fact that no court in any land has ever held such conditions to be other than fair and reasonable is sufficient to refute any such statement.

#### Have Caused Disappointing Results.

Still it is quite true that, in many instances, the presence of co-insurance clauses in contracts of insurance has caused disappointing results to the insured in the adjustment of partial losses by fire, but that fact is due, in every case, to failure on the part of the insured to fulfil his agreement.

Competitive methods sometimes adopted by agents are responsible for misunderstandings, and the writer has known of many cases where an agent has secured control of business by offering a lower rate which has been obtained by the insertion of a co-insurance clause without that condition having first been pointed out and fully explained to the insured.

Generally speaking, I would have no hesitation in recommending co-insurance to all property owners in view of the large amount of insurance which can be secured for the same or smaller cost, but it is most essential that the condition be fully understood.

#### Accurate Value of Property.

It is primarily necessary that the property value be accurately determined, and in the case of buildings, furniture, fixtures and machinery, where the value is fixed, or changing infrequently, co-insurance conditions should always be taken under policies covering property in protected places in order to secure the minimum insurance rate.

In so far as insurance on stock is concerned, the insured should be chary of co-insurance conditions unless the value does not fluctuate unduly, or unless an accurate account of changing value is constantly kept.

It is the usual practice, in the latter instance, to maintain insurance up to the percentage named in the co-insurance condition in a policy, based on the average stock value, and to secure short-term insurance, for such period as is necessary, during the months when stock values are abnormally high.

As is well understood, insurance provides indemnity for actual loss and covers only the cost of replacement, less depreciation, therefore, in determining values it is necessary to figure on the present cost of replacement, in-

cluding shipping and other charges, less percentage for depreciation and cash discounts.

The settlement of a loss under a policy subject to a percentage co-insurance clause is not affected,

1st. When the property insured is totally destroyed, as the full amount of insurance is then entitled to be paid upon satisfactory proof of such total loss.

2nd. When the property is insured for not less than 80 per cent. of its actual cash value, whether the loss be total or partial.

A percentage co-insurance clause affects the settlement of loss only in the event of the property being partially destroyed, and only when the insurance in force is less than the percentage named, of the actual cash value, as will be noted from the following example, of the application of the "80 per cent. co-insurance" clause:

Assured sustains a loss of \$400 on property worth, at the time of the fire, \$1,000. He holds a policy for \$700, subject to the 80 per cent. co-insurance clause.

Sound value of property at time of fire .....	\$1,000
Amount of insurance required under 80% clause...	800
Amount of insurance actually held .....	700
Showing a deficiency (which is the amount insured contributes on as a co-insurer) of .....	100

The loss amounting to \$400 is apportioned as follows:

The company insures \$700 and contributes 700/800 of the loss .....	\$ 350
The insured is a co-insurer for \$100 and contributes 100/800 of the loss .....	50

Showing the assured a loser by \$50 for not having maintained insurance up to 80 per cent. of the value, as agreed upon under the 80 per cent. co-insurance clause.

#### Concurrency in All Policies.

It is not necessary to give examples of other percentage contributive clauses as the percentage payable is proportionately affected in accordance with such percentage condition as may be contained in an insurance contract. For instance, if subject to 75 per cent. co-insurance the proportion payable would have been 700/750ths, and with 90 per cent. co-insurance, 700/900ths.

I desire to lay special stress upon the importance of concurrency in all policies covering the risk, as non-concurrency is always very troublesome in the adjustment of a claim for loss, and it is essential, no matter what the conditions or special agreements may be, that all policies, covering any or all parts of the risk, should be identical or exactly concurrent in point of conditions, wording and cover. Even where the intent appears obvious this is important, as one can never be certain of the interpretation of a contract if carried to a court of law.

#### WANT AID TO COMPLETE GRAND TRUNK PACIFIC

The application of the Grand Trunk Pacific Railway for additional aid toward the completion of the mountain section has been made formally to the government by Mr. Alfred Smithers, chairman of the Grand Trunk, and president E. J. Chamberlin, of the Grand Trunk Pacific. The amount required to complete the mountain section is \$12,000,000. The Grand Trunk claims to be entitled to additional aid to this amount under the terms of the late government's contract. This contract bound the country to guarantee the securities of the Grand Trunk Pacific up to three-fourths of the cost of the mountain section. The contention is that the company is legally entitled to an additional guarantee, and, as an alternative, that the government is bound to put up another \$12,000,000 under the implement clause.

The government does not concur in this view presented by the railway, and has intimated that there is no objection to having the question submitted to the courts. If the company accepts the view of the government it is possible that negotiations will be undertaken toward affording the company some necessary aid to ensure the completion of the line to the Pacific coast.

#### CANADIAN NORTHERN GUARANTEE GOES THROUGH

The Macdonald amendment proposing the six months' hoist to the Canadian Northern guarantee resolutions was defeated on Tuesday in the House of Commons, Ottawa, on a vote of 64 to 111, a majority of 47.