would have prolonged its stay upon earth. It is sad to see the young of any species—short of sharks—prematurely cut off, and by the abrupt ending of the "Standard's" career—a career so full of *promise*—a lesson or two may be impressed on us :

1. That, mysteriously, the air off Burlington Bay is not good for young Insurance Companies :

2. That temperance, soberness and chastity are admirble virtues in presidents and managers of Insurance Cos., but it is imperatively necessary, that they (the P's and M's) have also staying qualities, and that they be good for the stock they subscribe for.

3. That "Pyramids of Assets" sound well and look well, but, if built on fictitious bases, prove but funeral pyres at last.

We offer our respectful sympathies to those whose purse-strings may be wrung, and sorrow with the pecuniary sorrowful connections of the dear defunct. We learn that Mr. Livingston, sometime adjuster for the "Standard, has been appointed to liquidate its affairs—an excellent arrangement——for the Livingstons—and others.

THE MORTGAGEE CLAUSE.

What is known among fire underwriters as the "Mortgagee Clause" is just now agitating the insurance community to a serious extent, as it has for many years past disturbed the serenity of the fraternity in the City of New York, where what there is of this clause had its origin (as explained on p. 51 of INSURANCE SOCIETY, issue of March, 38) and where it yet remains a *vexato questio*, with small chance, apparently, of final adjustment satisfactory to all parties.

Capitalists in making loans upon real estate pledges are accustomed either to take out insurance in their own names or to require the owner or mortgagor to take out an insurance covering the property to an amount not less than the interest they may have acquired therein, and payable to themselves in the event of loss by fire, as an additional security against such contingency. There are thus two distinct classes of insurance used in protecting the interest of mortgagees, and known as mortgagee and mortgagor insurance. To properly comprehend the bearing of the matter under consideration just now by the fire underwriters, a few explanations of the general principles underlying mortgagee insurances may not be inopportune.

MORTGAGEE INSURANCE.

Mortgagee insurance is where the mortgagee takes out a policy *in his own name*, which he may do either generally or specifically, as the conditions of the policy may require; that is *generally* when he insures as owner, making no mention of the mortgage; or "*specifically*" when the nature of his interest as mortgagee is specified.

A mortgagee's interest is in the debt secured by the mortgage; and any insurance he may make to secure such interest is wholly a collateral contract which the law permits him to make, and with the result of which the mortgagor or owner has no concern, so that, where the mortgagee insures for his own exclusive benefit, and pays the premium therefor out of his own funds, any insurance money paid upon the loss or injury to such interest is for his own benefit, and is not in the discharge of the mortgage. And when the mortgagee thus insures *at his own expense*, in the event of loss, the underwriters, on payment thereof, are entitled to a *subrogation* of the mortgage securities to an amount equal to the amount by them paid for such loss. But as the mortgagee insures not the ultimate safety of the whole property, but only so much thereof as may be enough to satisfy his mortgage, he can, in any event, recover only to the extent of that interest, and to that extent only can he subrogate his insurers.

But, on the other hand, and important to be noted in this connection, if the mortgagee, under the stipulations of the mortgage contract, or at the request and expense of the owner, insures for their mutual benefit, any money paid by the underwriters under such insurance is in the discharge of such mortgage, and there can be no subrogation, for it is a well-recognized axiom in insurance contingent to the party having an insurable interest, that "*whoever pays the premium is entitled to the insurance money.*" And the mortgage being satisfied the mortgagee has nothing to subrogate. Subrogation never takes place when the insurance is upon the building directly, as in a mortgagor or owner's policy: it arises only where the insurance covers a debt or other interest, the securities for which can be transferred. (4 L. C. Jur. 57.)

THE MORTGAGOR.

The mortgagor is the owner of the property mortgaged, and by direct insurance thereon insures in his own right; in such insurance the mortgagee has no interest more than any other outside person, and cannot recover under it from the underwriters, except under the Act of George III in Ontario, where a covenant exists to re-instate the building, the insurance money must be used for that purpose and when, by special endorsement upon the owner's policy, any loss is made payable to the mortgagee the latter still holds such insurance, subject to all of the terms and conditions of the contract; and if at the time of a loss the owner cannot, from any cause connected with the policy, collect from the insurers, the rights of the mortgagee also cease, for the assignor cannot assign anything beyond his own immediate interest in the subject assigned; and no recovery can be had merely in consequence of the equities of the mortgagee if the owner has lost the right of recovery by violating the conditions of the policy.

It was because of this acknowledged status of the law, clothing the assignee only with the rights of his principal, and no more, so that if the rights of the principal were forfeited all rights of the assignee followed, that the agreement came into existence known as the

"MORTGAGEE CLAUSE."

Moneyed institutions, recognizing the insecurity of insurances under the ordinary forms of mortgagor policies—subject to the whims, neglect or dishonesty of owners—sought for some means of meeting this, to them, dangerous contingency, as detailed in our March ulto. issue (page 51), and the clause now under consideration was the result of "cheek" on the one hand and timidity, if nothing more blameworthy, on the other,—for these institutions had only to take