

CARELESS LOSS ADJUSTMENTS.

New York underwriters are much interested in Chief Croker's suggestion that the practice of over-insurance is the principal cause of the increased number of fires reported throughout the city. They say that, while the scramble for premiums may have induced some companies to carelessly accept bad risks, the criticism does not apply to all by any means, since most companies scrutinize applications carefully to see that the moral hazard is properly provided for. Since the incendiary fires in the tenement districts a few years ago, some of the companies have abandoned that class of business entirely, and decline all but good risks on the east side.

It is charged that some of the companies pay losses without investigation, and in that way are to blame for many abuses. A case in point was the collection not long ago of a "claim" arising from the destruction of uninsured property. The owner was a man of influence, and on the pretext that he had intended to insure a building he asked the companies which had issued policies on his other property to pay for the loss, which he now declares they did. He pointed to a long record of premium payments as a reason why he should be "liberally treated."

In discussing the prevailing fire loss in New York, a well-known member of the New York Board of Fire Underwriters said: "In my opinion our great fire loss is very largely due to the 'unseen hazard.' Take, for instance, the danger arising from defective electrical equipment. I know of a conduit in a large office building near the financial district that 'fused' the other day, making a short circuit. That, of course, was dangerous, and with proper care might have been avoided. Much of the equipment now in use was installed many years ago, and has since deteriorated. Then, the increasing use of naphtha and gasoline is a hazard not always apparent. The laxity of municipal supervision with regard to the enforcement of ordinances relating to the storage and care of coal and ashes is another cause of complaint. A case in point was the use of a wooden receptacle for hot ashes in a down-town building. I discovered that myself.

"Some of the companies pay losses too quickly. A fire comes, and underwriters interested race one another to pay the claims first. Then the proof of loss is turned in with 'cause unknown,' given to explain how the fire occurred. That phrase is accepted too easily and gives us none of the data which a careful investigation would disclose. Spot cash loss payments are dangerous, because the easier it is for a man to get his money the more likely he will be to want to collect a claim. The standard policy provides that the amount of a claim shall not be due till sixty days after proof of loss has been submitted. That gives a company opportunity to see whether anything is wrong about a loss; if the underwriters did their duty there would be fewer fraudulent claims.

"Chief Croker is wrong in ascribing the great fire loss to the evils of over-insurance. As a matter of fact companies are generally very careful to ascertain the condition and value of property before assuming liability. They employ surveyors and

spend large sums on inspection service, so that branch of supervision is not faulty. But they are less particular about loss adjustments and charging for defects which increase the fire hazard."—N. Y. Bulletin.

THE WESTERN LOAN AND TRUST CO.—ITS EXCEPTIONAL POSITION.

The collapse of a Canadian loan and trust company is, happily, quite a rare event. It, however, does not require many of such enterprises to fail to cast discredit upon those that maintain their standing. It is desirable in their interest, and in the interest of their stockholders, depositors, and debenture holders, to point out in what respect any loan company which failed, differed in its methods from other companies, and how far these methods, special to such company, were responsible for its collapse. The Western Loan & Trust Co., not only followed a peculiar system of business, but its organization was highly peculiar, differing so widely from other loan companies as to constitute it a class of itself. Those interested in loan companies need to be informed on these points, as it is quite erroneous to regard the Western Loan Co. as one of the ordinary class of such enterprises. We may say here that publishing the reports of these companies ought to be made compulsory as those of the banks are. We have several times looked in the official return for the statement of the Western and found it absent in the bad company of a few other delinquents, who decline to have the light of publicity thrown on their affairs—which is usually suspicious. The company was granted a charter by the government of Manitoba in March, 1895. This is an extraordinary document, indeed, quite unique. It reads: "It shall be lawful for the company to lend money on any security real or personal, or both, and purchase mortgages, debentures of municipal or other corporations; the stock of incorporated banks, and other securities; or evidences of debt; and the same to resell as it may deem advisable." Such a charter authorizes every possible kind of financial transaction, from pawnbroking, discounting notes, lending on mere I. O. U.'s, up to the legitimate business of a loan and mortgage company. Such a charter legalized certain loans made by the company which were exceedingly irregular from the standpoint of an ordinary loan company, such as advances made on the promissory notes of organizations in which the late manager was interested. Another clause in the charter reads: "Every director of the company shall be saved harmless out of the funds of the company from all costs whatever suit shall be brought against him for any act, deed or matter whatsoever done or permitted by him in the execution of his office; and also from and against all other costs, charges and expenses which he shall incur in or about, or in relation to the affairs thereof; he shall be chargeable with only so much money as he shall actually receive, and shall not be answerable or accountable for his co-directors,