

The Canadian Bank of Commerce

Head Office—Toronto, Canada

Paid-up Capital - - - - \$15,000,000
Reserve Fund - - - - \$13,500,000

SIR EDMUND WALKER, C.V.O., LL.D., D.C.L., President
JOHN AIRD - - - - - General Manager
H. V. F. JONES - - - - Assistant General Manager

This Bank has 370 branches throughout Canada, in San Francisco, Seattle, and Portland, Ore., and an agency in New York, also branches in London, Eng., Mexico City and St. John's, Nfld., and has excellent facilities for transacting a banking business of every description.

Savings Bank Accounts

Interest at the current rate is allowed on all deposits of \$1 and upwards. Careful attention is given to every account. Small accounts are welcomed. Accounts may be opened and operated by mail.

Accounts may be opened in the names of two or more persons, withdrawals to be made by any one of them or by the survivor.

The Bank of British North America

Established in 1836

Incorporated by Royal Charter in 1840

Paid-up Capital - - - - \$4,866,666.66
Reserve Fund - - - - \$3,017,333.33

Head Office in Canada, Montreal
H. B. MACKENZIE, General Manager

Advisory Committee in Montreal:
Sir Herbert Ames, M.P., W. R. Miller, W. R. MacInnes

Branches in British Columbia

Agassiz	Kerrisdale	Prince Rupert
Ashcroft	Lillooet	Quesnel
Duncan	North Vancouver	Rossland
Esquimalt	150-Mile House	Trail
Hedley	Prince George	Vancouver
Kaslo		Victoria

YUKON TERRITORY
DAWSON

Savings Department at all Branches.
Special facilities available to customers importing goods under Bank Credits.

Collections made at lowest rates

Drafts, Money Orders, Circular Letters of Credit and Travellers' Cheques issued; negotiable anywhere.

Vancouver Branch

WILLIAM GODFREY, Manager
E. STONHAM, Assistant Manager

the policy that such acts on their part shall not be considered as a waiver or acceptance of the notice of abandonment.

A constructive total loss of goods occurs when the cost of repairing the damage and forwarding the goods to their destination exceeds their value on their arrival.

Particular Average.

We now come to the question of Particular Average. So far as insurances on hulls are concerned, the subject does not present much difficulty. If a vessel arrives in a damaged condition it is customary to have her inspected by a competent surveyor, who draws up a report as to what repairs are necessary in order to restore her to her former condition. Tenders are then called, or the repairs are carried out on a time and material basis. The cost of repairs due to the accident less deduction for wear and tear, if any, are considered as particular average, and apportioned to the various underwriters.

The question of particular average on cargo is one that presents a considerable amount of difficulty, due chiefly to the fact that the average merchant, when insuring his goods, does not cover himself sufficiently so far as particular average is concerned. What he insures, as a rule, is the prime or invoice cost of the goods, plus 10 per cent., which is supposed to represent his profit. Now when goods arrive at destination other factors have to be taken into consideration besides the invoice value and the profit; duty has to be paid, there are certain landing charges, and also a charge for freight, unless this is prepaid, and the result is that the value of the cargo when it arrives at destination is, as a rule, greatly in excess of the insured value.

Now the basis of arriving at an estimate of the loss in cases of particular average, is to ascertain what the loss is on the goods in their sound condition. This is done by one of two methods; either on the basis of a straight depreciation of so much per cent., or by comparison of sound and damaged values where the goods are sold by auction; but in both cases the basis of depreciation is arrived at by taking into consideration, not the insured value, but the actual value. Take, for instance, a case of goods, of which the invoice cost is \$1,000, and which are insured for \$1,100, which includes the 10 per cent. referred to above. The landed value of these goods in their sound condition, with the inclusion of freight and duty, would probably be in the neighborhood of \$1,500. If on account of damage they will only fetch \$1,000, there is a loss to the merchant of \$500, or 33 1-3 per cent. of the sound value, but he cannot turn around to the underwriter and say, "I have suffered a loss of \$500, and that is what you have to pay me." He can only claim the same percentage of loss he has suffered on the sound value. In order to cover himself fully against a particular average loss, a merchant should insure, in addition to his prime cost and profit, the duty and freight which would be payable at destination against the risk of particular average only. He would then find that he would receive a complete indemnity.

The basis of adjustment of a particular average loss on cargo was laid down in the case of *Johnson v. Sheddon*, which is known as the *Brimstone* case, and which decided that the gross value of the goods in their sound condition is to be compared with the gross proceeds of the goods in their damaged condition, and the depreciation thus arrived at is applied to the insured value, and thus the amount for which the underwriter is liable is ascertained. To this amount is added all extra charges incurred, such as auctioneer's charges, advertising and surveyors' fees. It sometimes happens, however, that when goods arrive badly damaged underwriters pay the assured the face value of the policy, and take over the damaged goods. Whilst this is doubtless more satisfactory to the merchant, it can only be recommended from the underwriter's point of view, on the basis of a question of policy. Such a loss is termed a salvage loss, and a settlement on such a basis is, strictly speaking, only correct when goods are lying damaged at a port short of destination.

F. P. A. Clause.

We have now considered the chief claims that may arise under marine policies, and before dealing with the policies themselves, the terms of the F. P. A. Clause may be briefly noted.

This clause often gives rise to disputes between merchants and their underwriters, because its meaning is not perfectly understood. There are various forms of the clause, but the one in general use in Vancouver reads as follows:

"Warranted free from particular average unless the ship be stranded, sunk, burned or in collision, the collision to be of such a nature as may reasonably be supposed to have caused or led to the damage claimed for, each craft or lighter to be deemed a separate insurance, but to pay for landing, warehousing, forwarding, and special charges, should the same be incurred, also to pay the insured value of any package or packages which may be totally lost in trans-shipment."

Under its conditions the underwriter in effect says to the assured that he will not be responsible for any damage unless the ship or craft shall have been stranded, sunk, burned, or unless the damage has resulted directly from collision; but he will pay special charges for warehouse rent, reshipping or forwarding, for which he would otherwise be liable, even though the F. P. A. warranty has not been broken. Furthermore, he will pay the insured

(Continued on page 9)