

APPORTIONMENT AND CONTRIBUTION TO FIRE LOSSES, ONCE MORE.

Since our last issue there has been another interesting session of the Institute of Chartered Accountants held at Toronto, under the presidency of William McCabe, Esq., at which the fruitful subject of apportionment of insurance and contribution to losses among co-insuring offices, as suggested by Mr. Lye's problem, and the several solutions of it that have since appeared, were discussed somewhat at length, but seemingly without solving the vexed question to the satisfaction of those present.

In this discussion Mr. McLean, the worthy secretary of the Canadian Fire Underwriters' Association, seems to have taken a leading part, during which he recited a list of the several results achieved by some of the "experts," who had essayed to untie this gordian knot in insurance practice.

Mr. McLean, our esteemed contemporary the *Monetary Times* says:—"showed that the authorities differed as to liability of each of the companies B, D, E and F." Now, we would ask, when Mr. McLean means by "authorities," not these "experts" surely, who fail to give the insured his indemnity in this case.

MR. POWIS' PAPER.

The feature of the occasion, however, seems to have been a paper read by Mr. William Powis, a life agent, as we understand; but, from the manner in which he handles the subject and the peculiar phrases he makes use of, we should take him to be a marine average stater, just launching out into the fire branch—yelept "adjustment of average," purporting to be "a reply to that portion of Mr. Lye's paper which refers to the adjustment of average." The expression "average adjustment" is entirely a marine one, and is never used in the fire branch; it means simply "contribution," as between co-insurers.

It will scarcely be needful to follow Mr. Powis' process, which in final result differs from Mr. Lye's \$52.59 only, leaving the insured a co-insurer to his own loss to the amount of \$521.12 with \$4,271.12 of unexpired insurance still remaining and this, as we gather from his 6th "axiom" because he did not take out his insurance correctly. The utter fallacy of this method is so apparent from its conclusions that it is not surprising that it was severely criticized in the discussion following upon its reading.

Mr. Powis lays down a number of truisms, which he calls "axioms," all of which, except No. 6, have unexpectedly the true insurance ring, which he says very complacently, "are for the guidance of novices." Novices is *not* good, coming from such a source, and under such circumstances. What is he but a novice? Had he been anything beyond, with his "axioms" before him, omitting No. 6, he never could have reached the results he did.

To cap the climax, he winds up his address with the following covert eulogy of himself, thinly hidden in an apology to Mr. Lye, viz.: * * * "I feel it a duty not to let a question of such importance remain in the position he has placed it, unanswered in the records of this Institution."

The whole difficulty in this matter is because these "experts" have not the first glimmering of what a general or blanket policy is, or how it should be treated, and they will continue to blunder along in the dark until they all, like Mr.

Lye, learn the meaning of "convertible insurance." If the Institute is desirous of learning something about compound policies and their bearing upon specific co-insurers, why do they not send for somebody that has the requisite ability to teach them, and give a good reason for the faith that is in him? There must be such hidden away somewhere in the Dominion's wide extent.

The Institute, as the question now stands, is on the horns of a dilemma, and knows not which way to turn for relief. The point before it is, however, simply: shall the insured be indemnified to the full extent of his loss, which is partial only, or shall the companies "chisel" him out of some \$500 to \$600, under the puerile plea that he "did not take out his insurances correctly?" This is the question, and all that it amounts to. There ought not to be any two words as to how the Institute should decide this point, yet it is in doubt.

The *INSURANCE CHRONICLE* and Mr. Rowland are the only ones that give the insured full indemnity, and the benefit of the unexhausted insurance. The former, also, does full justice to each co-insurer by calling upon no one of them for contribution beyond its legitimate rateable proportions upon each house; the latter, Mr. Rowland, does so at the expense of companies A and F, both of which he compels to contribute upon some of the houses in sums greater than their several unexhausted insurances; by which process they are exhausted to the benefit, not of the insured, but of the remaining co-insurers, by enlarging their several quotas of salvage—*Fiat justitia, ruat cælum*.

We copy the following notice of the proceedings from the *Monetary Times* :—

APPORTIONMENT OF FIRE LOSSES.

Some time ago Mr. Henry Lye, of Cobourg, a well-known insurance expert, read a paper before the Institute of Accountants in this city on the apportionment of fire losses on non-concurrent policies, and illustrated his method by apportioning the loss to each of six companies under the following supposed circumstances:

Company A, has \$5,000 on 5 houses, Nos. 1, 2, 3, 4, and 5.

Company B, has \$5,000, being \$1,000 on each of Nos. 1, 2, 3, 4, and 5.

Company C, has \$5,000 on houses Nos. 1 and 2.

" D, has \$5,000 on houses Nos. 1, 2 and 3.

" E, has \$5,000 on houses Nos. 1, 2, 3 and 4.

" F, has \$5,000 on houses Nos. 3, 4 and 5.

The loss by fire on each of the five houses is supposed to be \$5,250. Mr. Lye's apportionment of the loss results in the assured's contributing to the loss \$573.51.

The paper was criticized at the time by some insurance adjusters present at the meeting, and since that time several insurance experts have made adverse criticisms on Mr. Lye's paper and have published their own views on the much disputed question of how losses under non-current policies should be apportioned. At the last meeting of the Institute, held on the evening of the 6th inst., one of the members, Mr. Wm. Powis, read a paper purporting to be a "reply to that portion of Mr. Lye's paper which refers to the adjustment of average." Mr. Powis lays down certain rules "for the guidance of the novice," but to those "who had given sufficient thought to the subject, these might more properly be termed axioms."

During the discussion that took place on Mr. Powis' paper, in which ex-Alderman Moore, Mr. McLean, secretary of the Fire Underwriters, Mr. Wylie and others took a part, it became apparent that some of the axioms of Mr. Powis were