

CONSEQUENTIAL FIRE LOSS INSURANCE.*(Continued from page 403.)*

loss shall be made by a professional accountant (whose fee is payable by the company) mutually appointed by the insured and the company, and whose certificate of the amount of the loss is conclusive as to its amount. This accountant may, if desired, be nominated at the commencement of the insurance and his name inserted in the policy.

SPECIAL CIRCUMSTANCE CLAUSE.

The policy contains what is termed a "Special Circumstance Clause"—in effect, the following:—

"In adjusting a loss account shall be taken of any variations in the insured's business and allowance made for any additions or deductions in respect of turnover or output or other standard employed in the policy which, having regard to any extraordinary circumstances, ought to be made."

This clause, it will be seen, gives wide discretionary powers to the professional accountant adjusting a loss and may modify materially the amount of the loss. It is, however, a most important clause and I shall refer briefly to its application.

1. Strikes occurring either during the period of comparison in the preceding year, or during the period of interruption after a fire may have material effect upon the profits. To ignore the loss of turnover in the previous year would be unfair to the insured. On the other hand to ignore a strike occurring during the period of interruption following a fire, would enable the insured to recover more under his policy than he would have made out of his business in the ordinary course had no fire occurred.

2. The increase, reduction or removal of import or export duties may easily affect a loss adjustment, should such change take place during either the period of comparison or interruption.

3. Fluctuation in prices of raw materials in open market may be an important factor inasmuch as a manufacturer cannot vary the selling price of his products with every market fluctuation.

4. Alteration, by legislation or otherwise, of working hours, through the activity of trade unions or other causes, may also affect a loss adjustment.

5. Should a manufacturing concern, which depends upon another plant for its partially manufactured goods, suffer a loss, the adjustment of this loss may be materially affected as the result of a fire in the other plant during either the period of comparison or interruption.

Thus the Special Circumstance Clause enables the professional accountant to bring the adjustment of a loss under a consequential fire loss insurance contract to that time-honoured basis "Actual indemnity for loss sustained" equitable to the insured and the company.

*(To be continued).***ROYAL EXCHANGE ASSURANCE.**

The Royal Exchange Assurance has issued a new list of directors, officials and members of the staff on war service, numbering 462 in all. The Canadian and other overseas branches of the Royal Exchange are well represented, in addition to the staffs throughout the British Isles. Thirty-seven have made the supreme sacrifice. The record is one of which those associated with the Royal Exchange may well be proud.

THE OCCIDENTAL FIRE INSURANCE CO.

WINNIPEG, MAN.

UNDER THE CONTROL OF THE NORTH BRITISH AND MERCANTILE INSURANCE COMPANY

FIFTEENTH ANNUAL STATEMENT**BOARD OF DIRECTORS:**

RANDALL DAVIDSON, President.
S. E. RICHARDS

C. A. RICHARDSON, Vice-President and Secretary.
W. A. T. SWEATMAN. N. T. HILLARY

BALANCE SHEET as at 31st December, 1916 (condensed)

ASSETS		LIABILITIES	
Cash in Banks	\$92,377.68	To THE PUBLIC—	
Investments—Mortgages and Debentures	304,417.03	Losses under Adjustment	\$16,488.88
Interest Accrued on Mortgages and Debentures	7,950.43	Amount retained on account of Reinsurance	43,621.86
Agents' Balances	47,633.65	Sundry Creditors	11,520.03
Office Furniture and Fire Maps (Less Depreciation written off)	5,000.00	Reserve for Unearned Premiums	90,204.89
			\$161,835.66
		To THE SHAREHOLDERS—	
		Capital Subscribed	\$500,000.00
		Capital paid up	\$174,762.70
		Surplus	120,780.43
			295,543.13
			\$457,378.79
	\$457,378.79		

(Signed) RIDDEL, STEAD, GRAHAM AND HUTCHINSON, C.A., Auditors.

SURPLUS ON SHAREHOLDERS' ACCOUNT \$120,780.43
SURPLUS ON POLICYHOLDERS' ACCOUNT \$295,543.13