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National Board
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REPORTS
OF
THOMAS H. MONTGOMERY,
GENERAL AGENT
NATIONAL BOARD
OF
Fire Underwriters,

SEPTEMBER, 1872—APRIL, 1877.

NEW YORK.
STYLES & CASH, PRINTERS AND STATIONERS, 77 EIGHTH AVENUE.
1877.

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MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE ROOMS OF THE NEW YORK BOARD OF FIRE UNDERWRITERS,
158 BROADWAY, SEPTEMBER 4TH AND 5TH, 1872.

FIRST DAY'S PROCEEDINGS.

NEW YORK, Wednesday, Sept. 4th, 1872.

The Committee met, pursuant to call, at 12 o'clock, M.
Present:—

Messrs. BEAN, DAVIS, KELLOGG, PLATT and ROUSE; also, H. A. OAKLEY, Pres't of the National Board of Fire Underwriters, and T. H. MONTGOMERY, Gen'l Agent. Excuses offered for absence of Messrs. PRETREY, BENNETT and GARRIGUE.

The Chairman of the Committee, Mr. GARRIGUE, being absent, from illness, it was moved and carried that Mr. BEAN, of Boston, be appointed Chairman *pro tem.*, and as such he accordingly took his seat.

On motion, HENRY K. MILLER was chosen Secretary *pro tem.* of the Committee.

The minutes of the last meeting were then read and approved.

Mr. THOMAS H. MONTGOMERY, Gen'l Agent of the National Board, then read the following report :

GENTLEMEN OF THE EXECUTIVE COMMITTEE :

At your meeting of June 11 and 12, in this Hall, my tenure of office had been too brief for me to present you at that time more than a verbal report of the work of the General Agent's Office. We have since passed through active and busy times, and a statement of the work performed here and a review of the operations of the National Board, generally, would seem now to be in place ; and I trust you will bear with me in making such, even should I detain you awhile from the consideration of those measures which are awaiting your action.

The detail work of the office has increased to an extent requiring the services of two additional clerks. The correspondence is large and extending, requiring in most cases mature and delicate handling. The interests committed to this office are of the highest importance, and the modes in which to treat them must be varied. Dilatory Agents must be watched, and, as the case may be, either persuaded or required to stand up to their duty ; complaints of one agent against another must be duly weighed, for the short experience of the office is yet long enough to demonstrate how often complaints of this kind arise from personal motives ; an agent may be rashly charged with inaction in Local Board matters by one who thus makes a show of zeal to cover up his own want of real sympathy with the movement ; young and inexperienced agents meet on the same footing with agents of ten, twenty or even thirty years experience, and the matured opinions of the latter may often be overruled by the votes of the younger members ; while on the other hand the older members may become jealous of the success of their younger brethren, and ready to charge them with undercutting, when the latter's success may be due to their greater energy.

But in the initiation of this great movement the National Board has in hand, we cannot expect at once a perfect and harmonious working ; the spirit of concord and unanimity which actuates its members may be a long time finding its way into the operations of every one of their agents, but the more these realise the real bond which unites the Companies the more will they feel its growing influence in their own Local Board affairs ; we must have patience, and time we feel will show great improvement in the personal working of those Boards. A great many move on very harmoniously and unitedly, having at heart the interest of their Companies ; these are efficient

as well as quiet, and they go along without friction, and we hear nothing of them at this office, while the report of the restless organizations come quickly up to us, making us for a time deem all inharmonious and, indeed, insubordinate when such may really not be the case.

We have received official information of the establishment of 498 Local Boards or Associations, divided by States as follows:

New York,.....	92	Vermont,	9
Illinois,.....	57	Tennessee,.....	8
Ohio,.....	50	Alabama,.....	7
Iowa,.....	30	Georgia,.....	7
Michigan,.....	27	New Jersey,.....	6
Wisconsin,	24	North Carolina,.....	5
Indiana,.....	22	Nebraska,.....	4
Pennsylvania,.....	22	South Carolina,.....	4
Connecticut,.....	19	Texas,.....	4
Kentucky,.....	14	Virginia,.....	4
Massachusetts,.....	14	Rhode Island,	3
Maine,.....	18	Colorado Territory,.....	2
Missouri,.....	12	Arkansas,.....	2
Kansas,.....	11	Mississippi,.....	2
Minnesota,.....	11	Maryland,.....	1
New Hampshire,.....	11	D. Columbia.....	1

In some places where but two agents, or at most three, operate, they have merely associated themselves and signed a Tariff of Rates without making any formal organization, or adopting rules of government. We have received Tariffs of 758 different localities.

We cannot conceal the fact that ratings, as far as reported, are below a proper standard. By the adoption of our present rule of leaving this important matter in the hands of the local agents, we have suffered from their weakness rather than gained by their experience. Standing face to face as they do with their customers, their prevailing tone is a timid one, and, it must be confessed, the interests of their Companies have, in not a few instances, been jeopardised. But this position of affairs is brightened by the belief that we have found a proper corrective, to be referred to further on. The constituency of Local Boards has been almost invariably on the basis of giving each Agency or Agency Firm one vote, irrespective of the number of Companies represented by them. At some few points an agent is allowed one vote for each Company represented by him; this works well in Albany and in the few places it is tried, and has many cogent reasons to sustain the practice of it. I cannot but think, from my present observation, that it would be a safer rule of the two to adopt; it is the older and more experienced agent who generally has the greater number of good Companies; and further, each Company is thus secured a vote in the proceedings: this latter principle

is very important, as the Local Board being organized for the interests of the Companies, this representation bears out the idea better than the other. But this principle, admirable as it appears, must be guarded against in localities where the local insurance capital is important and to be consulted. It might be well to leave the decision of the basis of representation to the State Auxiliary Association or to your Committee. No universal rule can be prescribed, and some superior power must decide the important question.

I lay before you a file of all the Circulars and Slips issued from this office since your last meeting, Many valuable Resolutions, then adopted, were issued in separate form and on different dates, for the reason that each within itself was of such importance, that I thought it best they should come separately and in turn before the Local Boards and Agents. I am glad to note that certain Companies issued these Resolutions directly to their own agents in one circular, thus adding weight to the issues of this office.

You are aware that in Philadelphia and in New York local organizations of Underwriters are not in promising form at this time. The organization in Boston is effected, and bears good promise of becoming permanent and successful, it yet lacks, however, the working of some details which hinders its usefulness at present. But while we look with interest to the influence of a Boston Board in New England, what may we not expect from the formation of a Local Board in this City? In the absence of this, I am unable to compel the formation of Local Boards within a radius of at least fifty miles from this city; as soon as Agents form their Boards, there are Companies here who stand prepared to yield to the solicitations of brokers and take any and every risk within such circuit at less than the established rates, the figures of which cannot be concealed from the watchful eye of the solicitor.

I feel constrained to express to you here my sense of the very great importance of the formation of a Working Board in this City; I cannot but appreciate very forcibly the impression the want of this is creating in widening circles round this city—the chosen seat of the head-quarters of our Association. It is even reaching to distant points, and it is not easy to explain the peculiar nature of the difficulties which have hitherto impeded the attempt at organization here. The point is now reached when some of our own members are luke-warm in enforcing our rules upon their distant agents, and frankly tell us they can or will do nought until a Board is formed here. But I think we are in a position to say to our friends and members that as soon as the local Companies in New York, not members of the National Board, stand on common ground, that our Companies, all, either by their officers or agents, will not be backward.

While it is quite desirable to have some extended organization in Philadelphia, and I am in hopes the time is not far distant when the way may be opened there to secure such, it has not the national importance necessarily that is granted to Board operations of this city.

A Board was formed on the 14th day of August, ult., in Pittsburgh, by a call from this office—a call that was seconded earnestly by all the Companies

interested there. Two members of the Pennsylvania State Board gave their presence and counsel on the occasion, and I feel it was largely due to their representations that the co-operation of the best of the local Companies was secured in the organization.

At Cincinnati, steps were taken some weeks since looking to the formation of a Board. It is not unlikely that a call somewhat similar to that for Pittsburgh, may be conducive to the attainment of an established and working Board, having the co-operation of the local Companies.

Chicago offers to our view an active Board in successful operation. Rating is proceeding with due diligence, and we are kept advised of it from time to time at this office, and have succeeded in preventing the placing of sundry risks of that city, by brokers, in New York Companies. There are matters, however, in the working of that Board which may need more attention on the part of the National Board, and I trust the contemplated visit of President OAKLEY and Chairman GARRIGUE to Chicago, on the 18th of this month, to attend the meeting of the N. W. Association, will be productive of lasting benefit to that Board.

Providence, R. I., presents some points which may assume the position of difficulties. The Local Board there has referred them to your Committee for "adjustment and final settlement," in the words of their Resolution of August 2, last.

Sundry Agents, representing National Board Companies, were charged with writing for Mutual Companies, of which they are officers or agents, at less than Providence Board Rates. The Committee prepared a circular stating the circumstances, and enclosed therein, to all the Companies whose agents were thus charged, a circular letter to be signed and sent to their respective agents. This has been done by the Companies as far as we have been advised. But it being left to the individual Companies to act, there soon appeared a want of concert among them in handling the replies of their agents. It seems now for the decision of the Committee, in regular meeting, to solve the difficulties and secure, by some proper means, thus enlisting by *all* the members of the Providence Board at *one* tariff of rates, securing that uniformity which we require at all points where Boards are in operation.

But I come to the consideration of State Boards, a matter as full of present interest to us all as it is of future promise to the projects of the National Board. They are important in a two-fold aspect, as affording an effective arm to the operations of the National Board, and also as recognizing the importance and value of our field agents, by thus enlisting them on behalf of our interests. My intercourse within the past two months with the gentlemen who represent our Companies in the field—to use an expressive term, has shown me how much at least they have the interest of their Companies at heart, and how far they recognize the importance of conserving those interests by controlling the local agents in their operations. We need not expect perfection even among these gentlemen, however, for personal feelings and jealousies may arise between them, even in the midst of their loyal devotion

to their Companies, and hinder the work we desire them to do in these organizations. We have noticed ill-timed feelings in sectional matters, and at Detroit, on July 18, your Chairman was compelled to state very frankly the views which he held in common with all of your Committee in opposition to those of some of the gentlemen in the west, which appeared to look to an almost independent existence, and to the prejudice of the Association which had been already recognized by the National Board. I need not detail now the steps which have led to these organizations, as they were before you and made the basis of your Resolutions of June 12, last, commendatory of them. A different organization from these was that of the North Western Association, which held an adjourned meeting at Detroit, on July 17, 18 and 19, composed of members of different State bodies, meeting under this form rather as an advisory body, than for any legislative action. It was my pleasure, in company with your Chairman, to be in attendance at its sessions; the proceedings of this Association are in print and will soon be spread before you I believe. An adjournment was had to Chicago on the 18th inst., and I sincerely trust your Committee will depute some of its members, as indicated above, to attend there and give fresh utterance to what we deem is required of our special agents. Many resolutions have come up from that body recommendatory to your body, of much value to insurance interests, and I trust you will find time to consider them all with a view to some action. One of the Resolutions recommends a districting of the United States into three or more of these advisory bodies, each of them to be formed of the members of several of the State Boards. I hope you will at once make such division as requested, as may be deemed most efficient by you, so that your deputation to Chicago, on 18th inst., will have the authority to announce then and there your Resolution on the matter.

Since we last met Kentucky formed a State Board at Lexington; Pennsylvania, at Harrisburg, on July 10; Wisconsin and Minnesota, in July; New York, at Syracuse, on July 23 and 24; Iowa and Nebraska, on July 23 and 24, at Des Moines; New Jersey, at Newark, August 15; New England, at Springfield, on August 27, and Missouri and Kansas, at Kansas City, on August 28 inst.

May I ask you to give renewed expressions of your concurrence in the formation of these State Auxiliaries? In the first formation they knew not their strength, and even with your Resolutions of June 12, approbating them, they did not advance with precision to correct the weak spots arising in the Local Agency business. Should local agents realize that the National Board is accepting the proffered services of these Boards and using them as its arms, we shall see more immediate results in the correction of the many evils which most needs turn up in the agency business.

At my solicitations the Presidents of the Franklin and the Howard Fire Insurance Companies courteously permitted their Western Specials, Messrs. BLODGET and BLIVEN, to attend the meeting at Syracuse of the New York State Board, where, by their presence and counsel, they largely aided in shaping

the formation of that Board, and afterwards to this City, where, on the 26th July, an informal meeting of some of the members of the National Board was held, to listen to the experience and observations of these gentlemen. At that meeting, informal in its character, a committee was named and approved by the gentlemen present, consisting of Mr. President OAKLEY, Mr. Chairman GARRIGUE and your General Agent, to prepare a suitable Constitution and Code of By-Laws for the government of State Boards, defining their power and giving them certain authority in the exercise of it. This Constitution I have now the honor to lay before you on behalf of the Committee for your consideration. As the Committee have already laid the draft of these before you individually, and obtained, as far as replies have been received, approbation of same, they felt no hesitation in laying them before the meeting of New England Agents last week, at Springfield, and I have to announce that the same were substantially adopted. The Ohio and the Indiana Boards also, at adjourned meetings of the 27th and 29th ult., at Columbus and Indianapolis, respectively, reformed themselves under this new Constitution and Code with but very slight alteration. So really this report of your Sub-Committee comes before you with the approbation of those whose duties and powers it defines.

This Committee also have ventured to present for your consideration, a form of Constitution and By-laws for Local Boards, which we trust will meet your approval; a uniform working of Local Boards is much to be desired, and can only be obtained, it appears, in this way and by this means.

I lay before you an invitation from the Pennsylvania State Board, to attend their adjourned meeting in Philadelphia, on the 10th inst., and also one from the Southern Association of Agents, which meets by adjournment at Atlanta, on October 16th next. The form and scope of this latter I do not at present clearly comprehend, but from it, I doubt not, will grow different State Boards.

To meet the expenses of the District Committees of those various Boards some plan must be devised, and if you are prepared to entertain the matter at the present time, your recommendation or requirement will at once be promulgated. The companies are, as far as I am informed, willing to contribute to the work of the National Board the *time* of their specials (unless pressing claims compel their employment of substitutes,) without charge, but actual traveling expenses must be met from a common fund. This office has so far acted in the matter as to approve of bills for actual outlay of specials in our service, and these have been paid out of the funds of the National Board. Cases only have arisen, however, where these have worked for the interests of the whole Board. But on general principles, these expenses should be assessed only on the business of the locality or territory in which the services are expended. For instance, it is for you to prescribe whether an assessment be laid on the business of the whole territory covered by the State Board, or only upon the immediate locality where the services are rendered; this seems more just to all concerned.

One of the great duties of the State Associations will be the revision of local Board rates. This has come to be a necessity, and while the National Board as such still declines to interfere with local rating, according to the principle established in April last, it yet recognizes the general inadequacy of rates as established in many places by local agents, and will be glad to welcome the power lying in the State Boards to correct these evils into which local Boards have fallen. Kentucky led off in July in establishing a list of minimum rates for Boards to work on. And now Ohio has established a minimum tariff which appears to meet the approval of all; where a general tariff of this kind will not apply to towns and cities with good Fire Departments, the Board has given it elasticity by appending the schedule or basis system of rating to be adopted in places whose means of extinguishing fires are entitled to just consideration.

On motion of Mr. KELLOGG, the report was accepted and placed on file, and ordered to be printed with the minutes.

Mr. OAKLEY then read a note from Mr. GARRIGUE stating that owing to his continued serious indisposition, it would be impossible for him to discharge the duties devolving upon him as Chairman of the Committee, and requesting that an appointment be made in his stead.

On motion of Mr. PLATT, Mr. STEPHEN CROWELL was elected Chairman *pro tem*, to serve during the illness of Mr. GARRIGUE.

The chair stated that the reports of Special Committees would now be in order.

Mr. DAVIS, of Worcester, Mass., as Chairman of the Committee to report a Standard for Woolen and Cotton Mills and Print Works, made a verbal report, submitting the views of the Committee, and stating that they had prepared a circular giving information to agents, and pointing out the methods of arriving at a standard.

On motion, the report was accepted.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE ROOMS OF THE NEW YORK BOARD OF FIRE UNDERWRITERS,
158 BROADWAY, NEW YORK, ON WEDNESDAY, OCT. 23, 1872.

The Committee met, pursuant to call, at 11 o'clock a.m.;
Mr. STEPHEN CROWELL, Chairman *pro tem.*, presiding.

The calling of the roll showed the following gentlemen to
be present :

The CHAIRMAN *pro tem.*, and Messrs. BEAN, BENNETT, CHASE, DAVIS,
PLATT, ROUSE and WHITE. HENRY A. OAKLEY, President of the National
Board, and THOS. H. MONTGOMERY, General Agent, were also in attendance.

On motion, the reading of the minutes of the last meeting
was dispensed with, and printed copies of the same were dis-
tributed.

The General Agent then submitted the following Report,
which was accepted :

GENTLEMEN OF THE EXECUTIVE COMMITTEE :

Since our last meeting the work of the National Board has progressed,
and its operations have been extended. The proceedings of that meeting
have been printed, and are now before you. I regret to report the continued

illness of Mr. Garrigue, but as at the last accounts there were more favorable symptoms in his disease, we have the hope of his restoration to health ere long. I must express my thanks to Mr. Crowell, who, as Chairman *pro tem.*, has aided me with his counsel and advice.

The Circular relating to standard for Woolen Mills has been circulated very generally, and, while few suggestions have as yet been received in reply, I am pleased to state that it has received much commendation on all hands, and will tend to secure greater watchfulness on the part of those who have read it, and to more care and caution in the examination of the risks referred to, and more particularly on the points discussed.

The forms of constitution for State Boards, as well as those for Local Boards, have all been distributed, and have been received with much interest by special and local agents. The forms for Local Boards have been adopted in substance in many localities, but as my advices are not complete on this point, I am unable to state the number of the Boards so adopting it.

The Circular recommendatory of schedule rating has been generally distributed, and meets with much favor. It is perhaps the most educating document yet put by your Committee in the hands of local agents, as it affords them a view of the mode in which certain increased hazards in a risk should be made to bear proportionate increased rating; and while thus educating to the agent, it has proved very satisfactory to the assured, and many an agent has found his soliciting made easy by his presenting to the insurer a system of rating which commends itself to him as fair and reasonable. Instances confirmatory of this have recently come to my knowledge. And further, the adoption of this system, as thus recommended, in certain localities, has been the means of securing alterations in certain properties by which the risk was materially improved, in order that the owner might secure the advantage of the better rate resulting therefrom. This plan is now being applied to Buffalo, at the solicitation of the Local Board, and is evidently handled with energy and ability by the Surveyor of the Board, Mr. Churchill.

This reference to Buffalo leads me to mention that the Board there, desirous of adopting the new form for Local Board constitution recently promulgated, went through the process of dissolving their old organization, and reforming themselves into a Board. This new organization, therefore, required the subscription of all the agents; but a few of these delayed some weeks doing so, awaiting, as they stated, the instructions from their companies on the subject. This position of such agents threatened disorganization for a time, but as all have now signed, that difficulty is removed.

The Boston Underwriters Union has, since your last meeting, happily been consummated, by the practical adhesion of all the companies and agents in that city, and their new ratings have been entered upon with a degree of unanimity which must be a subject of congratulation among all interested in the business at that important point.

Board matters in this city remain practically as they did at your last meeting; and while an expression of regret must be had at the present non-success of efforts made to obtain a working Board here, we cannot recognize that our interests are in any wise more affected now than they were before these efforts. As your Committee passed resolutions at your last meeting relating to the New York Local Board, I will add that I do not know of any one agency of National Board Companies which has not come fully up to the wishes of his Company, and held himself in readiness by his attendance at the meetings here, and otherwise, to give his entire co-operation in any measures that might be adopted.

A Board was formed at Cincinnati on September 24, Mr. Oakley, Mr. Kellogg and myself being present. A call had been issued from this office to all the agents to attend the proposed meeting, and simultaneously all the Companies interested were asked to instruct their agents in accordance therewith, which they did. Two meetings were held, and the result was the adoption of the new form of constitution recently issued. By conference with many of the local Companies we were led to believe that, were a firm organization created, most of them would become members of it, and all would adhere in spirit to its workings. The question of rates has not yet been definitely acted on by that Board, but the day is not distant when a united advance—although small it may be—will be made “along the whole line.” It cannot be concealed that many of the agents present at the meetings showed a lukewarmness in the enterprise which needed a rebuke, and until such a spirit is superseded by an earnestness on behalf of the Board, many of the local Companies will continue to hold aloof. The President of the Board, Mr. Burnet, is President of the Cincinnati Insurance Company.

A committee appointed early in September to revise the ratings of Springfield, Ill., completed their labors and submitted their report to this office. The Local Board were decidedly adverse to adopt the recommendation of these gentlemen. Much correspondence was had on the subject. While we were in Chicago, in attendance at the recent meetings there, the proposed new ratings were submitted to the special agents there assembled, and meeting with general approval, the same were approved, and Mr. Oakley wrote a letter, under date of Sept. 19, countersigned by the General Agent, to Mr. A. T. Smith, President of the Local Board, signifying the approval of the Committee's work, and instructing the Board to abide by the same. This letter, it appears, was disregarded, and the Board proceeded, on the 23d, to recommend their own revision of the rates, and communicated their action to all their Companies, concealing from those Companies all mention of Mr. Oakley's letter of the 19th. This brought matters to an issue; Companies were promptly informed of the state of affairs there, and by the 10th instant the Committee's rates were adopted by the Local Board as a whole.

I present to you for your consideration the documents relating to the recent trial and conviction of Mr. Martin Collins, a member of the St. Louis

Board, for wilful violation of rates, which resulted in his expulsion from the Board. As I understand the Companies represented by him have appealed to your Committee, it is not for me here to express any opinion upon the evidence, which only came to hand yesterday, but I must express my regret that Mr. Collins entirely failed to produce evidence which could have exculpated him from the charge of which he claims he is innocent.

Messrs. Oakley and Kellogg and your General Agent were in attendance upon some very interesting meetings of special agents and others in Chicago last month. On the 17th they attended the organization of the Illinois State Board, on the 18th the meeting of the Northwest Association, and on the 20th a meeting of the Local Board of Chicago. The members of the Northwest Association were generally much averse to any division of the territory covered by them, and under the circumstances it was deemed best not to press the resolution of your Committee on the subject, especially as no time was fixed by it for the accomplishment of such division. The meeting with the Chicago agents was a very agreeable one, and has resulted ere this in the correction of certain evil practices which threatened to become established among the Underwriters there.

But I would much prefer Mr. Oakley now stating to you his impressions of these meetings, and his opinion as to their results. Mr. Kellogg is deterred from being with us to-day by the illness of a brother; otherwise you would also hear from him on the subject.

Besides the points named, Mr. Oakley and I also visited the Local Boards at Milwaukee and Toledo. From the latter city we are now in receipt of the report of a special committee which visited the Board there recently with a view to the examination and correction of sundry complaints arising among some of the agents. This report, and the evidence accompanying it, is now before you, and I trust will receive your endorsement.

Mr. Crowell was appointed delegate to the meeting of Southern agents at Atlanta on the 16th inst., but being prevented by the occupations of this busy season, had to relinquish his intention of being there present. But your General Agent attended the meeting, and witnessed the formation of an Association, the results of which I think promise well, as it has already begun with zeal and energy. Its machinery is not such as was desired. When the printed constitution is sent up to us, with the proceedings of the three days' session, which will be before your next meeting, it will then be time for you to say whether it is in such form as you desire fully to recognize.

Upon request, the President of the National Board gave an account of his visit to Chicago, in September last, in company with Mr. KELLOGG and the General Agent, accredited as delegates from this Committee to the meeting of the Northwest Association of Agents, which convened in that city September

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greater security by the prevention of such mishaps in the future, but also by enlarged accumulations, enabling the Companies to meet them without bankruptcy.

I apprehend that there are but few intelligent persons who will claim that the margin of profit heretofore secured, (at no time in the past 13 years averaging over ten per cent. of the premiums received,) is sufficient to meet these demands upon our resources, and therefore we have reasonable ground to believe that the public are now ready to meet our very equitable and just exaction of better rates everywhere for insurance upon property.

This is the paramount question which must engage the attention of the Board at this session. The thorough organization which we have been able, since the last meeting, to evolve out of the state of chaos which then existed, makes the task one of less difficulty than at any other time; but in order to accomplish this effectually, it may be necessary to make some changes not only in our plan of operations, but in our organization,—the details and suggestions in regard to which will be given in the report of the General Agent, Mr. MONTGOMERY, soon to be submitted to you.

There are other topics of great importance which I have no doubt will be developed by the present situation, and by the experience had in the past six months operations of the Board.

To all of these matters I trust you will give thorough consideration, and let your deliberations be characterized by calmness and determination, and you cannot fail of success.

The whole country is alarmed at the increasing dangers to property, which the events of the past and the present years have shown to be possible, and is looking to us to do what may be in our power in the exigency.

This Board affords, by its union of all the great, and nearly all of the smaller Capitals engaged in the business of Fire Insurance, an admirable medium to secure reforms not only in rates of premium and contracts of insurance, but also in the construction of buildings and in the means for the prevention of great conflagrations.

Look to it then, gentlemen, that we be not found wanting in the courage and skill which is necessary to meet this unexpected emergency, and that we be not deterred by the fear of adverse results from a manly assertion of our right to a full compensation for the real protection afforded to the general interests of the country by our capital.

Applause followed the conclusion of the President's address.

The PRESIDENT: I will now call upon the General Agent for his report. In this way we shall have before us such matters as may require action.

THOMAS H. MONTGOMERY, General Agent, then read the following report :

REPORT OF GENERAL AGENT.

Mr. PRESIDENT :

This is the first time it has been my pleasure to meet with the members of the National Board in council assembled. While the emergency is great which calls them together, and matters of moment must be the immediate topics of discussion, yet I will venture on your patience, and give some details of the work of the Board, which it may be will throw some light on the proper path for us now to take.

Six months have just elapsed since I was chosen by the Executive Committee, under the Constitution adopted at your last annual meeting, to the office of General Agent of the National Board: what has been accomplished since has really been the fruit of those plans which were initiated by the chairman and the other members of the Executive Committee as well as by the officers of the Board. When I took charge of the duties of this new station, I found that the machinery had already been inaugurated by the chairman and all its plans imbued by his energy. Let me at the outset acknowledge my indebtedness to him, and ask of you the favor, while listening to such details as I may recite of the history of the past six months, to ascribe to him and to your Executive Committee all the praise that is due for what has been accomplished. It is for you to say whether your designs have been carried out and the objects your Association had in view have been consummated. My office has been a busy one, and my post one at which no slumbering would be allowed. But the labors and anxieties arising from them have been lightened by the counsel and advice of members of your Committee, which I have always felt it was my duty as it certainly was my pleasure to seek. In fact, I can say, that to the utmost my work has been carried on, as the Constitution expresses it, under the "advice and direction of the committee." The responsibility of the position is great, but under these terms of the Constitution only a delegated one; the office of itself has no inherent executive responsibility, and it is only proper to state this here as a reason why in many instances I have hesitated, indeed declined, to take prompt action in certain cases without first consulting my constitutional advisers and directors. It is better so; for we must not lose sight of the fact, that this is an association rather than a corporation, a federation and not a union; and we can never expect the enforcement of its decrees in the words or style which any one of our members adopts in the conduct of its own affairs. If we clearly look at our organization in this light, our friends will not have reason to fault us if we have not been able in all cases to secure instant correction of manifest evils. I have found that when success in time has crowned our efforts in curing difficulties in any particular direction, praise flows in, and the delays

which may have been incident to the matter in hand have all been lost sight of, and the strength and power of your organization been fully realised.

Regarding the details of our work since you last assembled in these rooms, I will not detain you long in their recital. For most of them I must refer you to my stated reports made to the Executive Committee at their meetings of September and October, and which may be found in their printed proceedings. When I inform you that the results of the plans you laid at your April meeting are exhibited in the formation of 630 Local Boards, and in the rating of 1,432 different localities, of all which we have the records, you will see that the facts speak for themselves; of course some of these results have not been accomplished without friction, but it is nevertheless true that the whole machinery has moved along well and easily, and it is only the creaking wheels we notice. Considering the vast interests at stake, the different localities to be treated, and not all in the same mode, it is certainly gratifying to notice the evidence which the facts just recited present of—what I must repeat—the power and strength of your organization.

The united instructions of all our members to their Agents in April last were, in nine cases out of ten, received in good faith and acted on heartily and without much delay. But cases arose where, from personal and old time grudges, in certain localities no one Agent desired to be the first one to move in the direction of organization and rating, fearing the odium and the labor which were apt to follow in the train of zeal. Time would elapse and no Board be formed; one agent would complain of another of backwardness, and Companies always naturally ready to heed the statements of the Agents, would think it strange that the corrective had not been applied in the proper direction from this office. In our inquiries in these directions we generally found that no one was wholly wrong or wholly right, and by personal visit or otherwise, a meeting was secured and organization perfected; of course at some points we found willful opposition, and I am happy to say that parties thus acting were at once relieved of the honor of representing their Companies. It has been surprising to me to see how the quiet antagonism of one member to Local Board operations may for a long while serve to demoralize the best interest of underwriting in his locality, and all the while his Companies remain under the belief that he is zealously living up to their April instructions. It is in such cases—rare we believe—that we find the greatest difficulty, for it takes proof upon proof to convince the Companies in question that their Agent is acting far otherwise than he seems.

Further on I hope to refer to the great and pressing question of rating as committed to our Local Boards.

I must refer here to a new instrumentality which has arisen within the field of our operations, since your last meeting, which bears promise of being of inestimable value in the furtherance of our common objects. An instrumentality which really was of spontaneous growth, but which has been not only sanctioned but fostered by your Executive Committee.

Under the provisions of your Constitution, and in the "exercise of all necessary powers to promote the purposes of your Board, as therein declared," and in their "consideration of all measures proposed for the common welfare, and in their securing the adoption, by the members, of all such as shall, in their judgment, be valuable and practicable," they could not but hail with exceeding pleasure the formation, in different localities, of organized bodies of Special, State and Adjusting Agents. Your Executive Committee adopted Resolutions at their June Meeting, approving such Associations and recommending their formation in all sections where such did not exist. At the request of many Agents and others, who felt an interest in the new movement, your Committee adopted, at their September meeting, a form of Constitution under which they all could uniformly work. In as much as your Committee gladly embraced the services thus proffered of Special Agents in an organized manner, certain powers were delegated to them which would enable them to act definitely on certain occasions in the organization of Local Boards, and in the cure of some of the many evils which arise in their administration. Never before had the National Board been favored with the services of field Agents in this manner. Their recognition by your Executive Committee stimulated them to the accomplishment of much good work, and our thanks are due to them for the furtherance of Local Board interests in many localities, and for the correction, at many important points, of certain evil practices in underwriting which had there obtained. Companies had previously to seek correction of faulty practices, and the attainment of adequate rates through the individual exertion of their own Specials. Now, however, under the new state of things referred to, Specials were banded together, concert of action was secured, mutual understanding as to any local difficulties were had, and under the authority of their respective State organizations, the appropriate Committees would approach the solution of any knotty case with a degree of authority which was, in most cases, recognized by the Local Board, and the interests of all the Companies concerned was served and unity of action secured. While under their imperfect workings, in the beginning of their operations, and under probably some misapprehension in certain quarters, as to the extent of their powers, certain mistakes were committed, it is only just for us to overlook these, and express our gratification that the National Board work has been so eminently served in the field on the whole, and its objects attained and purposes secured in a way that would have otherwise consumed several months in their accomplishment.

I will not further detain you with reference to the work of the National Board for the past few months. Let us profit by the past, and while thankful for what has been done, little or much as you may deem it, now take counsel for the future. The lesson which has now summoned you together is a weighty one, and its ample consideration cannot be deferred.

Upon our annual meeting in April, we united in good hopes that the

measures then proposed, and subsequently matured, might lead to such results as should provide our members with those reserves of funds which would protect them against the severe consequences of another great conflagration. Companies then met face to face for the first time since the Chicago calamity, and concerted together such plans as would testify that the light of that awful fire would always remain on their minds, and guide them free of those difficulties, which the repetition of the struggles and trials of that period might again bring upon them. Six months had elapsed between the fire and that meeting, and the testimony of all was to the effect that, having learned the lesson of trial at Chicago by heart, they would not cease to profit from the instructions it forced upon them. But what have we seen in the recurring months since? The instructions have faded, and the lesson appears to have been forgotten. The impairments created by Chicago were being slowly filled up; but while even more than the average amount of losses were being reported from month to month, still no great devastating fire came, and confidence arose that this generation would not witness again the burning of half a city. The result was, of course, competition for business, and the next step reduction of rates. Companies of only local and limited experience were willing to write at nominal figures, and many local agents of our Companies sent up a wail to their Companies that they were losing business, until some of our own members came to believe that, rather than lose certain risks, they must accommodate their customers with lower figures, forgetting the while the foundation principle, that it never pays to sell goods at less than cost, a rule especially applicable to insurance policies, for they were an article that would never spoil on the owner's hands, and therefore always marketable at a reasonable profit. On this point some might contend that the law of supply and demand prevailed in Underwriting as in other business, and the supply of insurance capital growing more plenty, our goods were not worth so much as at first; but be this as it may, our capital could not, under any circumstances, part with its policies under cost, and rather than do that, if it could not get its proper prices, this capital would have to seek other channels for profit.

Chicago taught a severe, but I fear a brief-lived admonition to Underwriters. Boston now has taught another admonition, one which the insuring community seem ready to learn, as do the Underwriters; and where both seller and buyer become less antagonistic, it is to be trusted that the present lesson will not prove of such brief duration. The time seems really to have come when the capitalists of the country could justly protest against the course of a class of business men who were conducting their affairs in a most unbusiness-like way. The whole conduct of our mercantile and manufacturing concerns is based upon insurance; where would be the credit of our merchants or manufacturers but for the proffered security of insurance? Have not the capitalists, therefore, ample right to protest against Underwriters when they fail to make use of their tried experience, and will not, when they offer indemnity against loss by fire, claim from the capitalist a certain sum to make that indemnity cer-

tain? We have no ground for complaint against the insurer in his endeavors to get cheap insurance, when he knows that so many Underwriters are ready to sell him their policies at his own price. If our Underwriters were united in opinion as to what the cost of a policy was on any given risk, the merchant and the manufacturer would then believe there was reason in the rate charged, and the striving for cheap insurance would not prevail.

But these are axioms on which we are all agreed. How, then, can we apply them, and secure their establishment in practice? Let us turn to the Constitution of the National Board, as adopted last April. We see that the first of the four stated objects of the Association is "to establish and maintain, as far as practicable, a system of uniform rates of premium." But how was this to be done? The Constitution says, further on, as follows: "All the members of this Board shall forthwith instruct and direct their agents to meet other agents and Companies in their respective localities, and cordially unite with them in fixing a local rate of premium, as far as may be, and in maintaining in good faith such rates when so established. They shall also instruct their agents that, in the deliberate judgment of this Board, a material and decided advance in the rates of premium is imperatively demanded for the ultimate security of policyholders and the interests of insurance capital." To look back upon these expressions, which were so heartily adopted by your Association, with the light shed on them of subsequent experience, would almost produce a smile, were it not for the sombre reality that these instructions were not, in most cases, collectively applied, and the result of the "material and decided advance in rates" prescribed, practically, a failure, to our cost. In other words, Capital left the dictation of its prices to parties who, in the face of perhaps an active competition, were fearful of losing their business, in which they were interested to the extent of about one-sixth of the gross receipts, and who bore no share whatever of the burden of carrying on that business, which might be imposed by State or municipal legislation. This was done as a fair experiment, and in ample good faith. The principle is right in the main to leave the rates to those who know their localities and their customers; but it appears now an error to have left it entirely there, without any power of revision. I am no advocate for depriving the local agents of the duty and the responsibility of rating, but Companies should never part with the inherent right of naming their own prices. The local agent should give the Company the benefit of his experience and knowledge; but if his experience should be limited and his knowledge imperfect, correction must somewhere be sought; and the same correction which one Company would apply to its agent, namely, criticism and revision, it should have delegated in some mode to the federation of which it became a member, in order that the inadequate rating of that lesser federation, the Local Board, could be averted or cured. Many cases have come to this office after its first establishment, where one or more Companies deemed the rates could be improved, but the office was powerless to secure an immediate correction;

the delay of a necessary correspondence to all parts of this country was fatal to a united consideration of the matter. And such who felt themselves aggrieved, finding the Articles of Association here did not provide for such an emergency, relinquished all attempts at correction in this direction. Finally the State Boards arose, and for a time accomplished a vast amount of practical work ; but between the misapprehension of some of our members as to their scope and power, and the " reserved rights " of Local Boards which the agents stood upon at many points, this channel of work failed in many of its operations.

Can you not, therefore, at this moment, consider some plan by which we can accomplish what we mean, in other words practically and thoroughly carry out the scope of our organization. I make the suggestion, being assured that no new instrumentalities need be entered on, and that it merely requires the development of the spirit of, and the letter of your Constitution in some efficient mode. I will never consent to taking from the local agent the power to form his tariff ; but I would recommend as a supplement to this necessary work of his, that some revisory power, elected or stated, be placed somewhere to correct the evils which the strict letter of our constitution seems to have guided us. I have a plan in my mind which may prove practical, and which may work harmoniously ; but at this stage of your proceedings, I do not venture to propose it, as some of you gentlemen who have had years of interest in this Association may realise better what ought to be done. I will merely say that I think we should not fail to avail ourselves in some mode of the services of the field agents of our Companies, in those localities with which they are familiar, either as members of the State Boards respectively, or upon some other nomination ; and, further, in my view we need neither a central rating power, which has within itself the seeds of dissolution, nor a general roving rating power, which produces an antagonism which soon destroys its influence and efficiency.

The sooner we define our wishes to Local Boards in the present emergency the better, and it may have to be done before the perfection of the instrumentality I have in mind. This is our emergency, truly, and must be treated in some trenchant and unflinching manner : if we succeed, and the results of our Companies' business improve, no like emergency will probably startle us as this has done.

Two days after the Boston fire I communicated with every member of the Board, by order of the Executive Committee, on the general subject of an advance in rates, by letter to Companies in the city of New York, and by telegram to all out-of-town Companies ; such seemed to be the exigencies of the case, I sent as follows : " We are advising all our Companies to instruct their agent at every point to advance Local Board rates. Will you do so ? " Herein was the recognition of Local Boards, through whose organized instrumentality, rather than through individual action, was sought the proper and the official cure. The responses to this, although varied in tone, perhaps, all ring of the true metal, and an unanimous affirmative reply comes up to us. And I will further add that,

as far as I am advised, individual Companies are asking in plain terms of their agents, in most cases, an advance of 50 per cent. over current established rates.

This is well, and it seems sound. But how is it to be applied? That is the question you must now meet and solve. The files of this office will already show you an inertness—to use a mild word—of Local Boards in the question, truly a *questio vexata*. Agents say they have received instructions, and rates should surely be advanced, but that man is of singular fearlessness who will move in his Board meeting for an advance proportionate to the needs of the time. So far as I know, Philadelphia, Hartford and Bangor are the leaders in a practical advance, and thus far stand alone. In the cases of the two former cities, I think I see the marks of the practical wisdom of some members of your Executive Committee. But, as an offset to this appreciative action, I have to record that two Local Boards of importance in New England—I will not name them, as I trust they will rescind their proceedings ere you adjourn—have very deliberately voted formally, although most of the members had in their pockets at the time the urgent, indeed, imperative orders from their Companies to advance rates, that in their view any advance of rates was inexpedient!

To apply the proper treatment to secure this advance everywhere is now in your power; use it wisely and equitably, but do not on any account fail to use it. Appeals are lying on my desk of a tenor, indeed, of an urgency, which show how the minds of American Underwriters are looking to you for prompt, as well as sound action at this time, and you cannot fail to respond to their wishes. I may say, further, that the business community—those who seek your policies—are prepared themselves to grant the necessity there lies on you of some increase of rating all over the country; and although they are to pay the premiums, they recognize with the shrewdness that is but natural, that they are only contributing after all to a reserve, upon which they themselves will have at some future day to make some extraordinary drafts. And, referring again to the slow response of Local Boards, I must apprise you that the eyes of every local agent in this country, I believe, is now turned upon your deliberations here to-day; from knowledge which I gather from the last few days' correspondence, I can assure you of this, and I really believe the majority of them will gladly avail themselves of some general or specific order by which their local Boards may be made to move right on in the imperative work by some extraneous authority, and thus save each individual agent from the local odium of starting the ball. It is now for you to say what the advances shall be, and how they shall be respectively applied. While it is not for me to name any figure, indeed, I know not how you can state any one figure of advance which will be applicable to each and every point, I will merely say this, that the "great commercial and industrial centres of the country" appear to be the most important localities for present and immediate consideration; and these once arranged for, the places of lesser importance will soon follow in the proper treatment of the case.

While referring to the subject of Local Boards, I must call your attention to some points in their working which seem to me to need a better understanding on the part of all of us. It is a difficulty which, under the Constitution framed for the use of the new State Boards by your Executive Committee, was recognized by giving those bodies a certain appellate power in the cases of trial of a local agent by the Local Board of which he was a member for any violation of rate or rule of his Board. The National Board, under its Constitution, pledges each member to remove any of its agents so convicted. Local Boards under this clause have, when, perhaps, acting hastily, brought upon them the criticisms and opposition of the Company whose agent has been dealt with by them. And the National Board has been charged with inefficiency by members of such Local Board, because it, in its organized capacity, did not at once seek the removal of the Company's business from that agent, But it must be borne in mind, that in common justice, appeal from the accused must lie somewhere, and your Committee have given it first to the State Board, then finally reserved it to themselves; but we have never known any of our Companies acting contrary to the action of a Local Board when they found the case had been of such a character as to justify that Board in its proceedings. A mere appeal to the Companies in interest had been all sufficient. Those who desire all action, both initiatory and final, to lie with the local Board, must not overlook the patent fact, that while an accused agent is tried by his peers, those peers are equally his competitors for Local business. There are honorable exceptions to this, but we cannot conceal the fact, that while human nature remains as it does as developed among active and keen business men, it is very difficult to separate the peer and the competitor.

I must not omit calling your attention to the recommendatory chart of schedule or Basis Rating, put forth by your Executive Committee in September last, but I will now only briefly mention it; copies are before you, and the same have been generally distributed to Special and Local Agents. It appears to form an instructive manual, and in the hands of our underwriters cannot fail of securing a greater uniformity in rating, and with our business community of commending itself as the most adaptable system of rating yet submitted to the public.

It seems especially applicable now, in view of our attention having been so recently, and I may say severely, called to the construction of buildings. While we must stand together on the present important question of frame Mansard roofs, we must not deem that is the only builder's evil to cure. I think we shall before long, have to criticise some of our building material, even if it be granite. We may ultimately have to go so far—I hardly know whether you are prepared for this now—to offer the lowest rating to buildings formed entirely of burnt brick; and in the interior of buildings we must, through one scale of rates, control the placing of elevators and hatchways, not only at the ends of the building, but also as remotely as possible from the heating apparatus of the edifice. All these points, let it be noted, were, it is said, united

in the recent beginning of the Summer Street fire in Boston. An overheated furnace, ignition of the surrounding woodwork, a rapid ascent of the flames through an elevator to the already dried frame Mansard Roof, and in a few minutes the surrender of the granite front flake by flake to the overpowering heat; of course then followed the entire annihilation of the building, and the easy scattering of the flames in the entire vicinity. But one thing at a time, you may say. And if we place on record here our views as to the undesirability of frame Mansards, and by a practically prohibitory rate prevent any more going up, we shall take a larger stride in the improvement of buildings than we shall in any other one particular. I will mention that the day after the fire the Cincinnati Local Board increased the rate on Stocks of Goods contained in the buildings so covered twenty-five per cent. over the ruling rate, and within a few days past the Local Board of this city, by a unanimous vote, charges fifty cents additional on every like risk.

I thank you, Mr. President and gentlemen, for thus patiently listening to my report, and trust you will pardon the suggestions which I have felt it my duty to make.

The PRESIDENT: Before proceeding to take any action in regard to the matters brought before you in the able report you have just heard read, I would suggest that the privilege of the floor be granted to all General Agents, and to the representatives of Companies which have been recently forced by the exigencies of the business to suspend operations. It is a courtesy we owe them, and I hope it will be extended.

A resolution extending the privilege of the floor as suggested by the President, was moved, seconded and carried.

Mr. CROWELL, of the Imperial: I move that the able and instructive report just read to us by the General Agent, as well as the President's address, be printed for the use of members.

Carried unanimously.

The PRESIDENT: Let me suggest in order to facilitate the business of the Board, as there are several subjects touched upon in the report of the General Agent, that it

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS

HELD AT UNDERWRITERS' HALL, 158 BROADWAY, NEW YORK.

DECEMBER 18TH, 1872.

The Committee was called to order, pursuant to notice, at 11 o'clock A.M., by Stephen Crowell, Esq., Chairman *pro tem.*

On the calling of the roll, the following members were found to be present: The Chairman, *pro tem.*, and Messrs. Rudolph Garrigue, of New York; Henry Kellogg, of Hartford, Conn.; Charles Platt and Alfred G. Baker, of Philadelphia; Henry A. Oakley, President of the National Board, and Thomas H. Montgomery, General Agent. Subsequent roll-call showed Mr. Ezra White, of New York, also present.

The CHAIR stated that the meeting was now open for business, and the first thing in order would be the Report of the General Agent, which Mr. MONTGOMERY then read as follows:

REPORT OF GENERAL AGENT.

GENTLEMEN:

The National Board, at its recent special meeting, has devolved upon its Executive Committee duties, the responsibilities of which in its effects upon the business of our members have scarcely been equalled in its previous history. To protect this business and to secure compensating returns from it, the Board decreed, with entire unanimity, that a general advance of rates at all points should be made, and that, until such could be matured and secured, the tariffs of '66 and '67, where

such prevailed, should at once be put in operation for temporary purposes. The advance called for was founded upon a basis of population as the most practical designation by which a certain equality could be secured. Towns having less than 50,000 population were called upon for an advance of 30 per cent., while 50 per cent. was prescribed for communities exceeding that number. It has been the general impression among underwriters that the large-sized cities have not contributed an adequate consideration for their insurance; and, in view of their size alone, it is now demonstrated, by the notable experiences of the last fourteen months, that the danger from vast conflagrations is much greater in some places, notwithstanding the boasted greater efficiency of fire departments and of police which such places appear to have relied on.

In calling for this advance the Board gave it into your hands "to make exceptions and revisions in such places where, in their opinion, adequate tariffs are now in force." Thus was recognized the support that a few Local Boards had given us, in the times passed by, maintaining good tariffs, but these points were few and far between. In the exercise of this power, your provisional committee now submit the details of their action since the adjournment of the Board. There were matters of great moment arising at different places which seemed to require immediate decision, in order that instant action should be had in the required advance of rates. And your action is now looked for to perfect such arrangements as will complete the work this National Board has delegated to you.

I will recite here, before proceeding further, the steps which have been taken by this office since the Board meeting. On November 23d, the day after its adjournment, letters were written to the Presidents and Secretaries of each State Board, stating to them what action had just been consummated, and asking their immediate attention to the matter, and soliciting their prompt action to put the required advance of rates in motion. On the same day circulars were mailed to the President and Secretary of each Local Board in the country, embodying three important resolutions, viz.:

Circular 27.—The Report of the Committee on Rates in full, with, appended thereto, the two resolutions, calling upon Boards and Agents to put this in force.

Circular 28.—Recognizing the right and duty of State Boards to supervise and amend such ratings.

Circular 29.—Declaratory of the Board action in April that the power then given to Local Boards to rate was not to be without the right of revision through Special Committee or State Board.

These circulars spread the news of the intentions of the National Board among the agents of the land, but the responses were not to the point in most cases. On the 2d December a circular letter was sent to each Local Board asking for replies by return mail as to the Board action called for by the National Board. This brought what we wanted, in the

way, at least, of an acknowledgment of our previous circulars, but the majority embodied protests against any advance in their particular localities. It would have been refreshing, had it only been true, to have noted how many places were already provided with adequate tariffs. It was easy to meet these cases, and our response called for immediate Board action, leaving the adjustment of same to the future work of State Boards through their committees. The more difficult responses were those which calmly stated that agents were awaiting instructions from their companies, on the receipt of which they would, with pleasure, act on. Such were replied to, that the work would be done for them speedily, unless they took the lead promptly in establishing an advance for themselves.

It was immediately recognized by your provisional committee that the surest mode to obtain a general return of an adequate advance was by establishing a minimum tariff for each section of our vast field, as far, at least, as could be accomplished, according to the requirements of each section. As many members of the different State Boards were engrossed in the active business of their companies flowing in upon them at this time, while others were temporarily drawn off from distant places to take charge of the Boston adjustments, that at a time their services would have been most appreciated, their special duties precluded our calling upon them. It was in view of meeting this emergency that your President and General Agent spent a couple of days in Philadelphia, during the week following the adjournment of the Board, in session with certain officers, Managers, and General Agents of Companies doing an agency business in the West and South. The result of this meeting is now presented to you in the form of minimum ratings for the States of Ohio, Indiana, Kentucky, Tennessee, Illinois, Michigan; Wisconsin, Minnesota, Iowa, Nebraska, Kansas, Missouri, Arkansas, Texas, Mississippi, and Alabama. As these ratings have been already—so we are informed—put in force at their various agencies in the large territory covered by the States named, the promulgation of the same by you at this time will secure their uniform adoption by all Local Boards, who will, when you so order it, be instructed to bring up their tariffs to the standard thus issued, and those who exceed the same will be warned not to avail themselves of the advantage they will now seek to secure of dropping down to it. These are matters of detail, however, which we look to the State Boards to regulate. Certain cities in this district, namely, Cincinnati, Louisville, St. Louis, Cleveland, Indianapolis, Detroit, Chicago, and Milwaukee, it was deemed best to except from the general tariff now before you. The rates in Chicago have been well maintained, and any signs of weakness in them, which might have manifested themselves, have entirely disappeared since the Boston fire. To the other cities named a letter was written on the 30th November, calling the attention of the Boards to the recent advance of rates called for, and that it was “the sense of the Executive Committee that first-class non-hazardous stocks, in best single occupancy buildings, should be written at not less than 1 per cent., a discount of not more than 15 cents being allowed on buildings contain-

ing same," the only exception to this rating being in Cincinnati, where the minimum was named at 75 cents. Cleveland and Detroit have now adopted the figure named. Indianapolis asks for a reconsideration, on account of her schedule rating, and this is now before you, with the endorsement of the President of the State Board. Milwaukee has, in substance, adopted it. The dilatoriness in Cincinnati calls for a more positive declaration. St. Louis declines peremptorily to make any advance until a certain cause of offence to insurance interests existing in their midst is removed. In the words of the President of the Board, they do not see how the National Board can discipline their body when it has failed to discipline one of their members—language which is certainly expressive, if not respectful. The Louisville Board asks they may make a deduction of 25 cents on buildings.

The State Board of Pennsylvania have, through their Executive Committee, acted with promptness, and have prepared certain bases of rates for different localities of their State, which they stand ready to enforce at once. One of these bases was approved by your Committee on November 21; but at a meeting of their Executive Committee, held on 4th, they prepared bases to cover all the remaining portions of the State, excepting Philadelphia and Pittsburgh, and, on your approbation of same, will promulgate them to all Local Boards.

The New York State Board, at their meeting of last week, adopted a basis of rates for the guidance of their District Committees. Although your approval has not been sought for it, as it needs your sanction, I now lay the same before you. The District Committees of this State are working very efficiently in applying a proper advance of rates, and the members of the Board are using such diligence as merits your acknowledgment.

The New England Association has, through its Executive Committee, accomplished a great deal of effective work in its jurisdiction. With the local tariffs of New England before them, they have issued notices to every Board calling for an immediate advance, varying from 20 per cent. to 50 per cent., according to the merits of the tariff as it existed prior to the Boston fire. I present you herewith a list of their local percentages of advance, which, when appealed from to your Provisional Committee, have been sustained in each case. An indisposition on the part of agents in the city of Boston to secure a proper advance at their regular meeting of the 12th was promptly settled by the New England Association calling for an advance of 50 per cent. on all risks covered by the Boston tariff.

The South needs careful adjustment; and, while some boards have advanced, others, such as Charleston and New Orleans, protest against it. I have not had the time to make comparisons of local tariffs, in order that you may have certain information upon them, but on general principles it would hardly seem reasonable to make an exception in the South. Such Boards as Norfolk, Wilmington, and Atlanta, and others, have established certain advances.

Referring to the South, I would, in this connection, call your atten-

tion to the importance of aiding, in some practical way, the efforts which some of our friends, citizens of Tennessee, are making to amend the Insurance Laws of that State. A prominent agency firm, in the city of Nashville, has been in correspondence with this office on this subject, and some valuable suggestions have been made by them. I have also conferred with a Western manager of an Eastern company, which has done business in that State for many years, and he has kindly furnished me with a statement of the cost of their business to them in that time, which amounts to at least six per cent. on their premium receipts. It would seem well, before uniting in any action on the State Taxes, to secure Legislative action looking to the abolition of municipal taxation, which is very unequal. While the State Deposit Law cannot now be abolished, it is quite likely that the Treasurer of the State will so far relax his regulations as to receive the coupons of the State Loan, held as a deposit in part payment of the taxes. I do not know whether the most effectual plan would not be to notify each and every of our agents that, were such ameliorations of the law not effected at the coming Legislature as would make our business a little more attractive, that our members would withdraw from the State altogether. I am assured the agents stand ready to aid us in a way never before offered; and further, the Local Companies of Nashville and Memphis are beginning to feel the pressure of the law in extending their own business, and are ready to join in any movement which has promise of a successful result. This I learnt from the officers of some of these Companies, whom I had the pleasure of meeting in Atlanta in October last.

A bill has been introduced into the South Carolina Legislature increasing the deposit of Fire Insurance Companies from \$20,000 to \$50,000. My attention was called to this by one of our members late on Saturday last, but quite in time for me to notify others of our members, and harmony of action was secured among all, by the Companies either telegraphing or writing their principal agents in the State that the alternative of the passage of the proposed bill was the withdrawal of each of them from the State. To operate upon legislators seems to be using the wrong end of the handle; to make the agents interested in their State laws is the most effective way in the end to lift their weight from the business of our members. This thought leads me to a suggestion that, to make our agents everywhere feel and realize in some way, through their commissions, the pressure of State taxation will prove really the most effective way to gradually lighten it.

But, to return to the ratings before you, we must consider the mode of their promulgation. It would seem to be the best plan to send copies to the Special State and General Agents, and not generally to Local Agents. The latter will be too apt to reduce their tariffs when local circumstances call for a higher figure to the minimum now in view, unless the State or other Special Agent is on the ground to apply the standards now presented. It would not be wise either for your Committee to overlook the importance of again putting forth the Schedule Rating Cards as a companion to these tariff circulars now to go out. We can

never hope for proper watchfulness as to the construction of buildings on the part of agents, until this most practical and most reasonable mode of rating is kept constantly in view; and I would propose, with your approbation, to issue again the form of Schedule Rating adopted by your Committee in August last. A circular to accompany them might state that, while the attention of agents is again called to this system, now recommended by your Committee, it must be well understood that the standard by which to apply it must not be lower than the minimum basis now promulgated.

The subject of a uniform policy report was discussed at the late special meeting of the Board, and the matter was referred to your Committee to devise some such form—one, too, which should embrace the principal features of the schedule system in its requirements. If your time at present would allow of your consideration of this, you will find it to be not the least important work you have in hand. If you should give the preparation of it into the hands of a special committee, I hope you will, before the meeting is over, favor such committee with your views upon the proposed form.

The work of the office is increasing very much, and ramifications of its operations are widely extending. Our present force in the office may, for the present, be sufficient; but your Provisional Committee have already taken steps to provide for increased accommodations, which, at the present, are really too limited for making a success of our plans, and, indeed, do not seem capable enough for the vast interests centering here. But I would earnestly call your attention to the importance of selecting a Special Agent of the Board to attend to the field work, so to speak, which is pressing upon us. We can get a good man for the position, whose duty it would be, as our representative, to visit troubled points, to allay local-board dissensions, and especially to establish and apply, in our present emergency, the new ratings. I should welcome the appointment of some careful and reliable man to the post now indicated, and feel confident that the expenditure asked of you for such services would more than be compensated for in the greater efficiency and promptness of our outlying work.

I present, for your consideration, a memorial from the Local Board, at Providence, R. I., asking for an extension of its jurisdiction over the entire State, for the reasons, as stated, that such a large proportion of the capital invested in mercantile and manufacturing operations in Rhode Island is really controlled in the city of Providence. While your affirmative response, I have been told, would be welcomed by that Board, I have no evidence it would be welcome to the other Boards in the State, which are all, I believe, efficient and in good working trim.

The case of Mr. Martin Collins, which your Committee acted on very decidedly at your meeting of November 22, I will allude to here merely for the purpose of informing you that a Committee of the St. Louis Board is now in the city asking for a settlement of the question which they represent, and, I believe, with reason, as effecting not merely seriously, but vitally, the interests of their Board, arising from the dilatory action of

the Companies still represented by Mr. Collins, in response to your request. As it seemed right that the Companies interested should hear what this Committee had to say, I have called a meeting of each of them, at this office, to-morrow, at noon, to meet them, when such members of your Committee, as may remain in the city, will attend also, and urge upon them the importance of sending some representative with full power to act on the occasion.

Without wishing to detain you longer, there is one matter of importance wherein you can act with immediate good effect, and that is in presenting to the Chicago Board a proper form of writing a special hazard policy, and also one for policies on mercantile risks. An able report was matured by a Special Committee of that Board on 23d October last, which I present to you, but it failed in meeting the approbation of that discreet body, and to this day I believe the expressions of the individual views of Companies in its favor has ended like so many other good schemes in the non-action of the agents. It is in your power, I believe, to meet the case now and here, and I think I can give you the assurance that all good underwriters will welcome your action.

We have an intimation from Cleveland, which is entitled to respect from the source whence it emanates, that a similar prescription will be welcomed there, and I am sure by none more than by your fellow-member from that city, Mr. Rouse, although I am not directly favored with his views on the matter. He is unfortunately detained from this meeting by matters of urgency at home.

I have to report the accession to our members of the North-West National Insurance Company of Milwaukee, their signature recently forwarded to us putting them in full membership. We have reliable intimations that other Western Companies will, in the beginning of the year, also give us their official adherence. And I think I may say the influence of the National Board is extending in certain directions in our own neighborhood, so as to induce Companies nearer home to consider a membership with us.

I trust you will not think it presumptuous in me in stating my humble views, at this time, as to the arrival of the proper moment when we can consider not only the propriety, but the great advisability, of making of our body a *chartered institution*. The matter can only now be considered, and not acted on; but I am confident, if your Committee are united in a sense of the importance of taking this step at no distant day, you should lose but little time in maturing some plan by which a liberal and effective charter can be drafted, and put upon its passage, through the approaching session of the Legislature, ready for action upon by the National Board at its annual meeting in April next. I can do no more now than commend the matter to your very attentive consideration, for I have already detained you longer than the importance of this meeting and your limited time would allow.

The report was accepted, and ordered printed with the minutes.

The case of Mr. Martin Collins, of St. Louis, referred to in the General Agent's Report, then came up for consideration, and the following resolutions were presented; and, the question being put upon their adoption, every member voted in the affirmative :

Resolved, That, should the companies represented by Mr. Martin Collins decline to accede to the action of this Committee in requesting the removal of their agencies from him, that the Chairman be directed to notify them that their resignations as members of the National Board will be accepted.

Resolved, That, at the Conference of the Companies with the St. Louis delegation, arranged for to-morrow, noon, at this office, the members of the Executive Committee remaining in the city be a sub-committee, to inform the companies of the above resolution in such way as they may deem advisable.

The CHAIR announced the unanimous adoption of the resolutions.

On motion of Mr. KELLOGG, the American Fire Insurance Company of Philadelphia was invited to become a member of the National Board; and Messrs. Baker and Platt were appointed a special committee to apprise the officers of the company of said invitation.

Mr. GARRIGUE here asked leave to withdraw, on account of illness, which was granted.

On motion of Mr. BAKER, that part of the General Agents' Report, referring to the State of Pennsylvania and the State Board Rates, was taken up.

On motion of Mr. PLATT, the following Rates of the Pennsylvania State Board, presented in Circulars Nos. 5, 6 and 7 were approved, and the General Agent was instructed at once to telegraph the President of the said Board accordingly. (Circular No. 4, embracing Rates approved at meeting of November 21, last.)

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS
HELD AT 158 BROADWAY, NEW YORK,
ON WEDNESDAY, FEBRUARY 12, 1873.

Committee convened at 11 o'clock A.M., pursuant to notice.

On the calling of the roll by the Secretary, the following gentlemen answered to their names: Messrs. R. Garrigue, Ezra White, Stephen Crowell and Henry A. Oakley, of New York; Messrs. Henry Kellogg and George L. Chase, of Hartford; Messrs. Charles Platt and Alfred G. Baker, of Philadelphia, and Mr. E. C. Rouse, of Cleveland. There were also present Mr. Thomas H. Montgomery, General Agent, and Mr. J. A. Hall, Special Agent of the Board. Mr. William B. Clark, Secretary of the *Ætna*, was also in attendance.

On motion, Mr. Stephen Crowell took the chair.

The minutes of the last meeting were then read and approved.

Before proceeding to general business, President OAKLEY stated that, in accordance with the authority given at the *last meeting of the Committee, the suit of four rooms on the floor above the present office had been engaged at a rental of \$1,800 per annum. This action was approved.*

Mr. BAKER referred to the action of the Committee, December 18th, by which the American Fire Insurance Company of Philadelphia was invited to become a member of the National Board. The Committee then appointed to wait upon the Company had given the invitation, and the sickness of the President was probably the cause of the Company not having formally connected itself with the organization.

Mr. OAKLEY then stated that the Provisional Committee had engaged Mr. J. A. Hall, of Wisconsin, as a special agent of the Board, at a salary of \$3,000 per annum. On motion, this action was approved.

The Secretary then read a letter from Samuel Gould, President of the Manufacturers' Insurance Company, of Boston, declining to accept his appointment as a member of the Committee.

Action upon the same was postponed in order to hear the report of General Agent Montgomery, which he then read as follows :

**Mr. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE :**

Since your last meeting on December 18, much has been accomplished in the carrying out the measures then adopted, the most important of which was the subject of ratings. At that meeting you approved of the various proceedings of the New England Association, the New York Auxiliary and the Pennsylvania Auxiliary looking to the perfecting of an advance of rates according to the needs of those localities. And you approved the ratings as framed by the officers of the Board, and promulgated them for the various Western, North-Western and South Western States. As you may expect to hear some account of the operations of this office in carrying out your behests in this particular, I will detail such as I hope will prove of interest to you.

By the 23d December every General, State or Special Agent of our Companies, which include the various officers of the different State Boards, were furnished with copies of the new ratings last referred to. I need not here recapitulate the reasons which prompted this course of publication of the minimum ratings, and I will merely state one impres-

sion that the result on the whole has justified the course adopted. There appear to be but few Local Boards now that have not adopted them. In many cases of their adoption it will yet require personal attention by some skilled Special or General Agent, to make the proper application of them in individual cases. When local tariffs are reported to us bearing the imprint of the new order of things, it is impossible to tell from the specific figures given to the risks whether the conditions of construction, occupancy, or exposure, as called for by the minimum, are in all cases complied with. It is only when the sanction comes with them of some Special or General Agent who has knowledge of the peculiarities of the locality, that we can give to each as it comes in our approval.

There is no one of the Executive Committee who, in giving his approbation to the new ratings as the *minimum*, ever contemplated that Local Boards would take them as well as the *maximum*, yet such seems to be case. The apprehension of such a state of affairs deterred us from sending them to all Local Boards indiscriminately, and left to us alone that channel of publication which has been referred to. For the present we may overcome the difficulties arising from this cause, but it may be well to consider the case and its great importance, and be prepared to act without delay in the correction of the many evils which we may expect to flow from it. There are localities where circumstances demand higher figures than those of our minimum, but where the agents will not of themselves put their figures beyond our basis. The result is that larger and better towns, showing a more profitable experience, think they have reason to fault a system which demands of them the same ratings as those of towns and localities whose experience justifies in such consideration; when the fact is, the fault is not in the system but in its application. To do this latter properly requires time and money; but justice to the Companies who need higher rates from the more exposed places, as well as to those localities which are entitled to use our minimum figures—and only these,—call for more practical machinery, the expense of which cannot be weighed with the advantages to be secured by the ends we have in view.

One prominent city in Ohio appears to be a notable case in point, and that is Dayton. It will be for you to decide how the obstacles can be overcome which threaten to prevent the establishment of a permanent tariff in that city. It would seem to be wise for you to recommend to the Dayton Underwriters to take early steps for the establishment of the schedule system, as under it they can secure a mode of rating which will remove an apparent antagonism which appears to exist between the assured and the companies at the present time. The system referred to is one, we are assured, which all interested in that city are prepared to embrace; and as the door seems open for its introduction, it will be of easy accomplishment and, we believe, upon a sound foundation.

I would here call your attention to the action of your Provisional Committee in making an exception to the Ohio ratings in favor of the city of Toledo, an exception which is not an infringement of the ratings

you approved in December, except only in the direction of enabling our Companies to get a better average of ratings than we had then adopted. A respectful letter from the President of the Board, which I now lay before you, called our attention to the fact that to put into force our minimum in its entirety would break up the schedule system of rating which had been in force for several months by their Board, and under which he claimed that, while a very few of their risks might fall below our minimum, the average ratings of the remaining risks would gain to our Companies an increase of at least 25 per cent. over our minimum. As the personal knowledge of some of your officers of the practical results of the ratings in Toledo under this system, although obtained prior to the Boston fire, bore out the statements of President Colton, they felt you would confirm the approbation which was given on January 29 to the request of the Local Board, subject, however, to the approval of the State Board, as they can give your Committee the assurance, from their own knowledge, that the resulting premiums would net to the Companies a gain upon those called for by those of our minimum.

Of the cities specially rated at your last meeting, all have responded to your desires, with the single exception of Louisville. The only return we get from there is that the matter has been "deferred." As the matter thus has gone through the chapter of words, we expect now to open the chapter of action, and our Mr. Hall will arrange to present himself at an early day to the Louisville Board to convey to them your decisions in the matter.

In this connection I lay before you a request from the Michigan State Board, which met at Lansing on the 4th inst., to the effect that you consent to their adopting 1 per cent for single occupancy B buildings, and 50 cents on detached frame dwellings worth over \$1,000. This request does not bring with it any recommendation from your officers; and, in the light of the result of last year's business in Michigan of our Companies, as shown by figures which some of our friends have compiled for us from the last annual statements, such a recommendation would be devoid of all reason.

We have been informed that three of our members decline to abide by the dwelling rates in the Western States; one of them, whose letter I have herewith, informs us that, if insisted on, they would have to forego the advantages of membership with us. The position of the other two only comes to us through the action of their General Agents in the State of Ohio. The manifesto of one of these was sent me by the Secretary of his Company, who took the occasion to call our attention to the previous correspondence he had with us on this very subject. I replied to him on the 15th ult., and could happily avail myself of the circumstance that his Company was one of the New York State Companies that united in a request to the National Board, at the special meeting in November, to join them in a uniform rate on farm and country property generally, and that the National Board thereafter felt that it was in its province to go into the subject of rates generally, for one law *could not hold* in New York on this important subject which was not

good elsewhere. In view, however, of the questions which may in the future arise on this question, which perhaps has more vexation than importance in it, it would be well for you at this time to consider some measure which will meet the views of our friends, without in any way abandoning the principle involved in rating dwellings and farm property.

The Pennsylvania State Board has accomplished much work, and are entitled to your thanks, for the amount of work done is large, as compared with their means at hand; for, numerically, they are a small body. Outside of Philadelphia, Pittsburgh is now the only place which has not consummated its ratings. Mr. Hall spent several days there in the last of December, and, on his return West, expects to stop there and complete the work he had in hand then, and would in the meanwhile like to be informed as to your views upon the proper plan of proceeding there, namely, whether, with or without the joint action of the Local Companies with the agencies. Mr. Hall's intercourse with the Local Companies was of such an effective character as to lead to the hope that, even if the agents have to carry on their Board operations without them, that the Board will practically have their co-operation in rates. The working of the Board in Cincinnati, under precisely similar conditions, gives us no room to doubt that the same success will attend the work in Pittsburgh. And, as in Cincinnati, so, too, in St. Louis, where the Local Companies number upwards of forty.

New York has made her basis of rates applicable, through the various General and Special Committees of the State Board, with great success. Questions have arisen among the members of this valuable organization as to the basis upon which to make our required advance. Some of the Committees have added the 30 per cent. to the local tariffs without regard to the status of that tariff; as neither the provisions of the November resolutions, nor the reason of the thing demanded such a course, this office has felt called upon, when appeal has been made, to decide that due regard must be had to good tariffs, where such existed, especially if they were 1866 or 1867 tariffs; and that while some advance was called for upon them, it must only be such an advance as would bring them up to a standard reached by adding say 30 per cent., or even 50 per cent. to the rates *generally* current at the time of the Boston fire. It is to our advantage to establish a scale of ratings which will be entirely remunerative, but at no point to make a tariff from which our Companies may be obliged to recede. Our Companies have got the argument all on their side now; it would not be wise to make a false step and afford arguments to the assured.

New England, in view of the varied interests centering there, and of the immense amount of insurances offering there, presents to us to-day a field of perhaps greater importance than any other committed to our care. The Local Boards have generally adopted the advances called for by the New England Association. Pending Local Board action, many of our Companies have insisted at once upon the respective advances as

ordered; others have waited for Local Board action. This has led, I regret to say, to much misapprehension and misunderstanding, and on the part of agents of much tale-bearing and false witnessing to their Companies. I can witness to the good faith of our members on all hands; and, while this office has been fully and amply informed on all movements, and perhaps counter-movements in that section, we have relied on the good sense, as well as the good faith, of our members, and felt confident that all apparent difficulties would vanish. Worcester, Mass., took a position antagonistic to the New England Association; but thanks to the officers of the Association the matter has, within a few days, been adjusted; and I lay before you the letter of the President of the Association, together with the circular of the Worcester County Board. The city of Boston presents an anomalous condition; and we confess, with regret, that the Underwriters' Union have knowingly let slip the chances of making a good revised tariff. This office has had correspondence, during the months of December and January, with that Board—not all of an agreeable character—which I now submit to you, but which resulted in our obtaining a complete record of the members present or absent from all the meetings of the Union, so that the Companies can see how far their agents have been interested or no in the matters entrusted to their care by their principals. Very prompt attention must be given to this point, as each succeeding week of delay enhances the difficulty of an adjustment of the difficulties there, which, in fact, are more real than some of our friends are aware of.

Our minimum ratings have been adopted, generally, in Kentucky and Tennessee. The Nashville Board are rating the city, and under Circular of January 22, '73, request a Committee from the National Board to assist them. This seems to be rendered unnecessary by the assistance we have already given them, and the trouble we have saved them in furnishing a minimum rating being twenty-five cents less than that adopted for the rest of the State. Memphis declares in a letter, I now submit to you, her independence of the National Board; and with her ten local companies, with each having a vote, I do not see but what local companies, not members of the National Board, will outvote our companies, whose agents have but one vote for each agency firm. Virginia, at her more important points—of Richmond, Norfolk and Petersburg—needs immediate attention; and I am happy to inform you that at a meeting of companies interested in Virginia business, a Committee was named, and your authority for them sought, to visit the principal points in that State at an early day, and to secure, with the assistance of the local companies of the State, the adoption of an equitable and adequate tariff. The committees for the other Southern, Atlantic and Gulf States of the Southern Association have been at work. North Carolina has been visited, but Wilmington and Raleigh have not fully responded to the requirements of the Appropriate Committee. In South Carolina, Charleston has not responded to the action of your meeting of December 18. It may be well for you to consider promulgating for that State some minimum rating, and for this purpose some of

our members deem the Tennessee minimum tariff adequate. The Georgia District Committee have been at work, and have promulgated a tariff for all classes of detached risks, to apply to all risks located beyond one mile from the limits of any town or borough in the State. The Committee embrace among its members representatives from the two prominent Georgia Companies, one of whom is represented in your Committee by its secretary, and this local influence may account for certain figures in that tariff which appear to be below some of our Western ratings. In this view, it may be well for your approbation to be given to it as it is. The Gulf States may need some tariff, the result of your deliberations; but such may be expected from the appropriate Committees of these States in the course of the coming spring.

I have engrossed more of your time than I had expected in the question of rates, although the more I speak of it the greater do I feel its importance. It is with pleasure I notice the presence with us to-day of our Special Agent, Mr. J. A. Hall, who has been appointed in pursuance of your establishment of that office, at the December meeting. I have asked Mr. Hall to report here to-day, that he may not only make a statement of the work he has accomplished since his appointment, but that he may have the opportunity of meeting you in council assembled at the first meeting held since his entrance upon his duties. Having visited Pittsburgh, Milwaukee, St. Louis, Hannibal and other points, he will be prepared to respond to any inquiries you may make of him.

Your resolution of December 18, defining the position of those companies who declined to remove Mr. Collins, was sent finally to only two of his companies, who, declining to remove him upon request, were finally notified of your action in the premises. I regret to say that these two companies, under this action, have changed their agencies in St. Louis, but it is only a transfer from the father to a minor son. One of the companies, not a member of the National Board, desired a committee of investigation into the proceedings attendant upon the October trial; and as the company, namely, the London, had yielded to our request, their application for this investigation was granted. Mr. Hall, then in St. Louis, was telegraphed to await the arrival of the representative of the London, namely, Mr. W. S. Davis, lately your fellow-member, and with him proceed to a very thorough investigation of those proceedings, as well as into several collateral questions. The report of Messrs. Hall and Davis is now submitted to you; and I need not comment on it, but will mention that the London Assurance Corporation, not a member of the National Board, has, in consequence, seen reason to change its agency; but, I am happy to say, it is not from the father to the minor son.

Your request to the Chicago Board to adopt certain specific forms of policies has not been complied with. Correspondence has been had with the Board on the matter, but so far without result. It is a remarkable fact, that while many members of the Board are in favor of the forms that you made reference to, they appear to be afraid to secure for

them Local Board approval. Their fears of a disruption of the Board, in case of their adoption, as the President expresses it, seems to be chimerical; and, as we cannot appreciate the force of his remarks on the subject, it is hoped that measures will be devised by which the result, so earnestly desired by many members of our Committee, will be consummated, and at an early date.

I present a letter from the Secretary of the Pennsylvania State Board on the subject of earth oils, which is an important one, and demanding your attention at this meeting, should your time allow.

The Pennsylvania State Board are desirous of appointing a Special Agent under their own direction. As our Association must shortly appoint another Special Agent, the functions of the one office already created proving of such importance, that perhaps your appointment may be made with a view to the incumbent taking Pennsylvania under his jurisdiction.

I present the letter of withdrawal from the National Board of the State Insurance Company of Des Moines, Iowa, which could only be accepted under three months' notice. The action is made notable by the resignation of Mr. Innes, its Secretary, who felt he could not continue in a Company that took such an unwise course as to sever its connection with the National Board. Mr. Innes had already commended himself to us by his efficient fulfilment of the important post of Secretaryship of the Iowa and Nebraska Board of Underwriters.

The expenses of State Boards must now be arranged for by your Committee. Should we have any balance at the end of the fiscal year, it might be well for you to consider the propriety of your honoring them. Some of our most diligent friends are becoming fearful that the expenses actually incurred by them, in the performance of duties in which all of us are interested, may never be discharged; and, should we not meet them at an early date, we cannot, in justice, call upon them for new duties the present year. Should you leave a discretionary power with your Provisional Committee in this matter, it would enable them to meet those cases which are the most pressing, without further reference.

On motion of Mr. PLATT, the report was accepted, and the points requiring attention ordered to be taken up *seriatim*.

On request, the GENERAL AGENT read a letter from Mr. C. Colton, President of the Toledo, Ohio, Board, dated January 25, '73, stating the reasons why exceptions should be made at Toledo to the instructions of the National Board applying to Western cities generally on the subject of minimum rates.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS

HELD IN THE ROOMS OF THE PHILADELPHIA ASSOCIATION OF FIRE
UNDERWRITERS, PHILADELPHIA, PA., ON
THURSDAY, MARCH 27TH, 1873.

Pursuant to notice, the Committee convened at 10 o'clock A.M., Mr. STEPHEN CROWELL, Chairman *pro tem.*, presiding.

The Secretary was directed to call the roll, when the following members were found to be present : Messrs. R. Garrigue, Stephen Crowell and Henry A. Oakley, of New York ; Messrs. H. Kellogg and George L. Chase, of Hartford ; Messrs. Charles Platt and Alfred G. Baker, of Philadelphia ; Mr. E. C. Rouse, of Cleveland, O., and Mr. J. Peetrey, of Columbus, O. There were also present Thos. H. Montgomery, General Agent of the National Board ; J. Goodnow, Secretary of the *Ætna* Insurance Company, of Hartford, and Samuel P. Blagden, Associate Manager of the North British and Mercantile Insurance Company.

The minutes of the last meeting of the Committee were then read and approved.

Mr. GARRIGUE moved to reconsider the action of the Committee taken at its meeting of February 12, 1873, by which Toledo, Ohio, was excepted from the application of the Minimum Tariff for that State, as adopted December 18th, 1872.

After discussion, and upon statements by Mr. PEETREY and others, Mr. Garrigue withdrew the motion.

Mr. OAKLEY then asked leave to state, before the Committee should proceed to other business, that although the regular annual meeting of the Board, under the Constitution, would occur on the third Wednesday of April, being the 16th of that month, it had been thought best, for certain reasons, to postpone it until one week later.

On motion, it was then ordered that the Seventh Annual Meeting of the National Board of Fire Underwriters be called for Wednesday, April 23d, 1873, at Underwriters' Hall, 156 Broadway, N. Y.

The GENERAL AGENT then read his report, as follows :

MR. CHAIRMAN AND GENTLEMEN OF THE
EXECUTIVE COMMITTEE :

The approaching annual meeting of the National Board, which will be called for the 23d proximo, promises to be one of unusual interest, and the consideration now by your Committee of the different topics which may be likely to present themselves to the notice of the Board, will properly at this time engage your attention. It is certain that the members of the Board will look to you for information on all the points which the past year's work may call up to view, and the shape and tone of the discussions likely to arise, will take their tone from the suggestions you will be called upon to make. While it is not for me to present at this time to your notice any topics which it is likely will then come before the Board, I merely refer here to the subject by way of directing your attention to it and the importance of the meeting, and of stating that the General Agent's Office stands ready to furnish any figures or other information which your Committee may deem requisite by way of preparation for the annual meeting.

Of the subject acted upon by your Committee at its session in New York of the 12th ult., I now beg to report as follows, and in the order they appear in the minutes of that meeting :

Toledo ratings referred for action to the Ohio State Board, met the approval of a majority of the Executive Committee of that body, which, under their Constitution, had authority to act with the power of the State Board in the *interim* of its meetings ; but, inasmuch as the vote in the Committee stood three to two, it was deemed best to let them have the consideration and the action of the State Board in full body, as the annual meeting was called for the 19th instant. I have now to report that the

Board have unanimously approved of the request of the Toledo Board in the matter of these ratings. Since your last meeting, the Toledo Board have submitted to us the entire series of their ratings, which have undergone a close examination, and are found to present an average of rating about our standard in the less desirable risks, but less than that in the better classes of risks; and, it would appear, that a higher basis than 50c., upon which their system is built, would have been justified by the rates obtained in other like cities, as well as by the experience of Toledo itself.

Your recommendation embodied in resolution to the Dayton Board to adopt the schedule system of rating has not been promulgated to the Local Board, inasmuch as the Underwriters there were not united enough to give promise of an efficient operation of this system, and pending such a settlement of affairs there, as was hoped for, it was trusted that affairs would so shape themselves under the efficient aid of the State Board as to allow of the promulgation of your resolution, when once made to be put into full force.

Your recommendation to the Ohio State Board to make the ratings on D dwellings 50c. instead of 60c., as by your resolution of Dec. 18 last, has not been promulgated, for the reason that to publish the same while leaving C dwellings at the same figure, viz., 50c., as then promulgated, would show our record imperfect in this regard; for, as D dwellings thus were put at a minimum of 50c., both C and B should have relatively lower figures.

Upon the subject of Dwelling Rates generally, I am in receipt of sundry correspondence, which I lay before you, from which I feel justified in advising you at this time of the prospect of there being more or less discussion upon it at the annual meeting of the Board.

The Louisville Board has held two meetings since you were last assembled, and the vote on the adoption of our minimum of 85c. on buildings failed of a constitutional majority. Our Special Agent, Mr. Hall, was present on both occasions to represent your views. Immediately after the failure of the first meeting referred to in adopting the minimum, we asked all our companies to individually instruct their agents in that city to vote for the same, which was very generally complied with; but owing to the balloting being secret, the names of those who voted in the negative at the subsequent meeting could not be known, and we were left without reasons as to what companies would be obliged to discipline their agents. It is trusted that the matter will at this time receive your earnest consideration, with a view to a practical settlement and allaying of the opposition, and the establishment of your minimum, which is only a reasonable and equitable one.

Your Committee appointed for that purpose spent their time in Boston from the 11th to the 14th instant, inclusive, in caring for the matters entrusted to their care and oversight. The visit was a timely one in many respects, and your Committee returned home with the assurance that with the better understanding now begotten among the underwriters of all classes in that city, the future of underwriting interests was full

of promise. The Boston Union is already maturing a 50 per cent. advance on their September Tariff, and seem quite earnest in the endeavor to put into practice there as speedily as the good work can be started the system of building rating, which is now in such efficient operation in the city of New York. The circumstances of the times in Boston open the door for this thorough and vigorous system to go into operation, and under its influence the Underwriters of that city have it now entirely in their control to cause the entire burnt district to be covered before the close of this year with solid and fire-walled and coped business buildings; and not only that, but to effect a radical change for the better in all buildings, whether occupied for business, public or dwelling purposes, in all other parts of the city. The Committee met the Legislative Committee on Insurance, and were favored with an opportunity of expressing their views at length, not only upon the merits of the form of policy which the Committee were having under consideration; but as well on the merits of the question, whether any legislation on the subject was either advisable or equitable, apart from the evil example which such might have upon other legislatures. Upon these points, however, the other gentlemen of that Committee are ready to make to you a more particular report than I can now detain you with.

Your Special Committee for a review of the Standard for Cotton and Woolen Mills as submitted by the New England Association have not met since your last meeting, but by correspondence they have united upon a Standard, copies of the proofs of which I now submit to you. I have pleasure in adding that the New York State Board adopted this Standard at their meeting of 12th inst., and only await to promulgate it to hear of your formal approval of it. Any suggestions you may have to make upon its mode of promulgation, whether to Local Boards or to Local Agents generally, I would be much pleased to receive.

I lay before you copy of the signatures of fifty-three Companies appended to the resolutions of your last meeting regarding the adoption by the Chicago Board of certain specific forms of policies, the originals of which were only forwarded last week to the Local Board of that city in anticipation of action thereon at their quarterly meeting in April; but I have now to inform you that on the 17th instant a special meeting of the Board was held to consider the matter generally of establishing specific forms of policies, which resulted in the adoption of the "form for all special hazards" identical with that of your resolution, and of the "form for commercial building" in the main agreeably to yours, with the exception however that it does not call for specific amounts on "plate glass in doors and windows which exceed three square feet each," or on "frescoes, gilding, and painted decorations on the walls and ceilings." The Companies as stated above having now given their instructions based upon your recommendation, it remains for you at this time to pass upon the question of approval of the form for commercial building as stands adopted by the Chicago Board. It would seem to be a subject of no little gratulation that the Chicago Board, which in January resisted all action upon this important measure on the ground that it was their province to establish

rates only and not forms of policies, has now testified to your interest as well as your influence in the matter so notably as to hold a special meeting and vote to establish specific forms of policies which are so creditable to them as underwriters.

I lay before you letters of Mr. C. M. Patch, who has, almost unaided, done good service for us in the city of Norfolk, Va., by securing practically from the Board a re-establishment of the advance of rates. Mr. Patch proposes to visit other points in the State of Virginia, and some recognition from you at this time will give him that authority which will aid him in the work he has yet in view, and which, I am confident, will be of so much value to our members who do business in Virginia. I will here mention that a meeting of Underwriters doing business in Virginia is to be held in Richmond on April 4th, prox., with a view to forming a State Board. It is supposed that in this the influence of the local Companies of Virginia will be largely felt.

It has been suggested that your Committee promulgate the rates now used in Tennessee for the States of North and South Carolina and Georgia as well as Florida. It will be for you at this time to say whether this be the course for the attainment of adequate rates in these States, or whether you will leave it to the charge and control of the various Committees of those States of the Southern Association.

On the 24th inst., I was in receipt of the report of the proceedings of the Kansas City Board, had in the suspension of a member of that Board as long ago as Feb. 1, ult., which met the approval of a majority of the members of the Executive Committee of the State Board. The matter has been left for your review and action; the case presented being, whether under the Constitution and By-Laws of the Board, the case charged is a violation of rates or violation of rules, and if the latter a suspension of the member is not justified.

Having had my attention called to the expenses of the St. Louis Local Board, I wrote on the 17th inst. to the Secretary for a statement of the same, and he submits to me an account of the revenue and disbursements of the Board from May 6 to Feb. 28, ult., all of which are submitted herewith, as I defer the same to you for your examination as also for approval if the same meet your view.

I would call your notice to the action of the Local Board of Monroe, Mich., on the 18th inst., in their adoption of a series of resolutions which have been forwarded to me, and since which I have had my attention called to the publication of the same in the *Monroe Commercial*. Deeming that no time should be lost in noticing the proceedings in question, I wrote to the officers of the Board signing the resolutions, and beg to submit herewith copy of my letter.

A trial occurred by the Hampden County Board, Mass., on the 20th inst., resulting in the conviction of four members of that Board for violation of rates, and of their expulsion for the same. I lay before you a copy of the printed proceedings had in the case, which, it will be observed, contains much more than is relevant to the actual trial. On receipt of this copy I expressed disapprobation of the proceedings being printed in

advance of their being submitted to your Committee, and also of the form in which the officers of the Board deemed it advisable to embody them.

I beg to make the suggestion that it would be very agreeable to your officers to meet here at the approaching annual meeting as many of the General, State or Special Agents of our Companies as may find it convenient to attend ; and an invitation from you to that effect would secure their visiting us at that time.

The Report was accepted and ordered to be taken up and acted upon by sections, as its recommendations might require attention.

The status of insurance interests at Dayton, Ohio, was referred to and the views of some of the members were expressed, but no special action was deemed necessary.

The General Agent then called attention to the resolution of the Committee, passed at its last meeting, recommending that the basis rate on detached farm dwellings, in the State of Ohio, be fifty cents, and explained that this action had not been promulgated for the reason that it would seem that other classes than "D" should be correspondingly reduced, whereas the resolution made no such provision.

On motion of Mr. CHASE the matter was postponed until the next meeting of the Executive Committee, to occur just prior to the approaching annual meeting.

The recent action of the Officers of the Board in the matter of the failure of the local organization at Louisville, Ky., to adopt the minimum of eighty-five cents on buildings, was heard and approved ; but further steps in the case, at present, were not deemed requisite.

MESSE^{RS}. OAKLEY and CHASE on behalf of the Special Committee appointed at the meeting of the 12th ult., to visit Boston, then made verbal reports of the Committee's action in the matters with which it was charged, which reports were accepted.

REPORT

OF

THOMAS H. MONTGOMERY,

GENERAL AGENT.

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE :

The Seventh Annual Meeting of the National Board calls upon you for the review of another twelve months' work, during what has been, perhaps, the most eventful year that American Underwriting has been called upon to pass through. Should the Committee, as the administrator of the Board's appointed duties, have been found not to have fully come up to the emergencies of the time, and have failed in heeding all the warnings afforded by the events of the past twelve months, it will now appear. The consideration of all that has been projected, as well as of all that has been accomplished, is, therefore, now, at the close of your official term, in order ; and it is trusted that the members of the Board, to whom a report of your operations is expected to be made, will find that the important trust committed to their Executive Committee, and delegated by you to your officers for execution, to have been borne with a due sense of the responsibility which attached to the work, and which, the members of the Board can have the assurance, was profoundly felt by their Committee and the officers to have been at times a responsibility of no common kind, and one which could only have been sustained with the aid of the sympathy and, indeed, the indulgence of the members of the Board.

The most significant work of your Committee was that growing out of the special meeting of the National Board, held in this Hall on November 21 and 22 last, summoned on the emergency occasioned by the Boston fire, which startled our Underwriters, and which aroused them to a sense that sudden and extensive conflagrations, like that in which the flames were yet unquenched, might come upon them in any part of the country. Our members came up in large numbers to attend that meeting; its proceedings were marked with directness, zeal and great interest, and the work proposed was both important and grand. But one sentiment prevailed as to the necessity of a substantial advance in rates, and the work of accomplishing that object was entrusted to your Committee, who lost no time in fostering all steps that were taken by the different State Boards and other organizations to perfect such advance. The advance thus expected in rates was called for from all Local Boards; but your Committee were not left without recourse. Knowing the inaptitude generally of such local organizations to act with promptness or precision in any such movement, the members of the Board then affirmed that the power as entrusted to those organizations in April to establish all local ratings, was not intended to be without revision of a superior authority. Thus your hands were more free to act as your wisdom prompted. At your first meeting after the sessions of the Board in November, you adopted and ordered to be promulgated a series of minimum ratings for the States of Ohio, Indiana, Illinois, Michigan, Wisconsin, Iowa, Minnesota, Nebraska, Kansas, Missouri, Kentucky, Tennessee, Mississippi, Louisiana, Arkansas and Texas, which had been duly matured by the most experienced actuaries in that department of our work. While this precise mode was not adopted for other sections of our field, your Committee felt that nearer to the centre of their operations, they would rely upon instrumentalities existing in the State Board organizations to put into force the requisite advances called for by the different localities within their bounds. The first Board thus to respond to

the demands of the time, and, indeed, before any formal expression of the views of the National Board was had, was that of Pennsylvania, whose Executive Committee presented to you its several ratings for approval on the morning of the assembling of the special meeting in November. The year was drawing to a close, and the days of 1872 were numbered, when you were called upon to carry out the instructions of the Board.—Our agency returns could not be expected to show the better rates; and the increase of premium receipts over those of 1871, now laid before you by the President, does not include the advances promulgated by you in December.

I cannot refrain from alluding here to the impression in the minds of some of our members that it has taken much time to apply a general system of advanced ratings, they believing, of course without due reflection, that a promulgation by you of a decree having such object in view was sufficient of itself to produce immediate results. They expected the soil in which you planted was as fruitful as the seed was sound, and that the sun of compliance would make the vine spring up and cover the land in a night. These are little sensible of the capacities which lie in the countless army of agents to thwart, to interrupt, to oppose the work they are thus called upon to perform in our behalf, if they so will it. This impression arises from want of a certain appreciation of the magnitude of the work required in such a step. No reforms can be worked without friction even in the best disciplined army; how much more opposition, then, must be looked for in a community of individuals, where the law of Competition, and not the law of Association, has for many years prevailed, to a reform such as that now given to your Committee to perfect. If any of our members have felt impatience at the good work lagging at this or that point, they would, I am confident, with a few days' insight into the workings of the system, admit that the difficulties preventing a speedy consummation of the work are of no ordinary kind.

We cannot conceal from view that one element which

largely contributes to a certain degree of hindrance in this direction, is that with which many of our members were formerly imbued, and the weight of which has not altogether lifted from the minds of most of the agents, namely, the feeling that in the organization known as the National Board, there does not lie that inherent authority which can produce a compliance with its behests. Agents look back to former times, when the National Board was just starting its organic life, and are now as unwilling as unready to believe that the renewed body has any more tenacity of purpose or directness of aim than in its early life. We must, of necessity, withhold from them blame, so long as they are merely carrying on the echoes of that uncertainty and timidity which then filled our own hearts. And in justice to our representatives of the agency corps, it must here be noted that, although with tardy steps and perhaps reluctant minds, the better informed of them are growing into the belief that the mythic condition of the National Board has passed away into the realms of history, and they realise that they are confronted with a substantial corporate edifice of quarried blocks of stone, some large, it may be, some small, but all admirably fitted to each other's needs, and cemented together with the adhesion of a common sympathy, a common interest. And these further recognize that there is growing up in this edifice an institution which, in times to come, they will recognize as their *Alma Mater* in Underwriting, and in which even now they feel their best interests are centred; for whatever benefits the principal, does it not also benefit the agent?

Attention has now been called to the promulgation of the ratings, the most important—I trust the most effective—work your Committee have undertaken. But other matters, all of practical bearing and of great value, as well as of interest, have been passed upon by you, and these may be referred to in this place in brief. Of these, most are embodied in able reports to be found in the proceedings of your Committee now in print.

The subject of *Hasty Payment of Losses* proved the

subject of a careful and able report presented at your May meeting, and which was distributed by your direction in the form of a circular to all our members. The substance of this document was embodied in the resolution—"That payment of losses be in all cases deferred until sixty days after the receipt of proofs, unless the adjustment be concurred in by Companies representing more than one-half of the insurance upon the risk, and thereby deducting interest for the unexpired time." At this meeting also the matter of "*Basis Rates for Towns and Villages*, to be used as a guide to Local Boards," was referred to a Special Committee; thus early in the year did the importance of putting forth some minimum ratings force itself upon your Committee.

The subject of *Night Work in Mills* was presented in a clear report to your June meeting, in which the Special Committee expressed the opinion that for the "use of the entire night, per annum (the use of pickers to be prohibited), double premiums should be charged; and that privilege be granted to run not later than nine o'clock p.m. to 'even up,' without extra charge; if after that time, and not later than twelve o'clock at night, a rateable charge to be made."

A special Committee of five members of the Board was appointed at the same session "to revise the *Standard of Rates on Cotton and Woolen Mills*, print works, and other manufacturing establishments," who, after several conferences in this city and in Providence, have not yet, however, been prepared to present their report.

At the same meeting it was resolved that a statement of "the *Expenses of any Local Board* shall be submitted to the Executive Committee, through the General Agent, for approval, and when approved, the General Agent shall thereupon notify the Local Board accordingly." Thus was inaugurated the most efficient measure yet suggested looking to the economical administration of these organizations, and it has resulted in the saving of much unnecessary expenditure. Our members, however, have not availed themselves of this supervising of Local Board expenses to the extent

they might, as it appears from the files of this office I have audited the bills for printing, &c., of but 115 different Boards. Some Companies deem it but a small matter to object to the disbursement in this direction of five dollars, or even of ten dollars, and esteem that there is no call for an official audit of matters so small. But a little thought will show what the aggregate of any local expenses are when a calculation is made of there being forty, fifty or sixty Companies members of the Board in question ; and as a matter of principle, of common justice and mutual interest, they should in each and every case apply for a certificate from the proper officer of the Board that the charge made them is correct.

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 A resolution was also adopted requesting our members "to furnish this office with lists of all their local agencies within the United States for the formation of an Agents' Directory, in order that they could be directly communicated with by circular or otherwise from this office," when circulars of general interest were to be issued. Most of our Companies have complied with this request, but some have not done so yet, as a compliance would touch on the standing rules of their office. This directory now numbers 7,823 names of agents, operating in ~~1,000~~ different localities, and has proved of invaluable assistance to us. It being kept in cipher, all objection would appear to be removed from the minds of those who hesitate to send this office a list of their agents for the purpose designed.

At the same meeting decided resolutions were adopted calling upon our members to "decline all risks offered under the so-called *Blanket form of Policy*, unless with the average clause," and that "the *permission for other insurance* should, whenever practicable, be specific and limited, and without limitation only on the largest stocks of merchandise and on storage goods beyond the control of the insured." Two growing evils, aimed at in these resolutions, have been very materially lessened, and in many localities checked, by the decided and precise action of the different State Boards through operations of *their various Committees* ; but it has been in some directions

at the expense only of earnest contests, giving another instance that the road of reform is not always smooth.

At the September meeting there was read an informal report from the Committee on a Standard for Woolen Mills, embodying suggestions as to the necessity of a *careful examination by Underwriters into the constitution of the material used in Woolen Mills, as well as of the oils now employed*, both so deteriorated since the old standard rates were adopted. Your Committee appreciating the value and force of the suggestions contained therein, authorised its issue in circular form, which was extensively done. As a contribution to the forming a correct estimate of the proper rating of any mill it is one of the most practical and useful papers put forth by you also. At this meeting was adopted and ordered to be promulgated to all Local Boards a plan for *Schedule Rating of all buildings*, whether occupied for business or other purposes, upon a proper basis, which, as a chart to the local Underwriter, has been of inestimable value. It also embraced a classification of occupancy, which is almost a necessity for the local agent whereby he may recognize the different hazards in the occupancy of a building. At the time this schedule rating plan was before you, communications were presented to you from the Boards of Buffalo and St. Louis, asking your approval to a certain expenditure to carry this system out in their cities. But while the amounts by them named were not allowed, you yet put on record your view of the importance of the system by "advising them to take steps to adopt the same, by empowering the secretary or surveyor to apply it to all risks covered by their Boards." Buffalo inaugurated her system thus recommended on the first of this year, St. Louis has not yet completed her work. But before your recommendation to these cities was made, other Western cities had established the system referred to and with much success, all creating examples which are an encouragement to other intelligently constituted Boards to follow.

At this meeting were adopted two matters of profound importance in the perfecting of the work committed by the

Board to you, and these were the two *codes of government*—the one for *State Boards*, the other for *Local Boards*. By these more efficient and uniform working was secured for these different organizations, and their value has been fully proved in the greater thoroughness of many of the operations of the National Board, and in securing through the machinery involved in them, more careful and precise administration of local concerns and the better carrying out the reforms which the National Board has in hand.

At the March meeting were adopted the new *Standard for Cotton and Woolen Mills*, the result of the deliberations of a Special Committee appointed by you for that purpose. By your directions the use of this will be established through the instrumentality of the various District Committees of the State Boards. It is applicable for all sections of our country in its scale of rates for deficiencies, but the basis rate is less than that called for by the experience of localities less favored in manufacturing pursuits than the Middle and New England States, to which this is now intended as applying.

I will not further detain you than to review the work of the office to which you did me the honor of appointing me on May 22 last, and upon the duties of which I entered the day following. Permit me here to express my appreciation of your ever ready aid and counsel in all that has been done in that office, and without which I feel the assurance that such work as has been accomplished through its instrumentality could not have been carried through. The statistics of the General Agent's Office are not such as can fully bear testimony to the amount of work accomplished. The correspondence shows 7,326 letters received, 12,105 letters written; of printed circulars, 103 have been issued; all were sent to our members, some to General, State and Special Agents, some to Local Boards, and a few to every Agent. Rate slips have been issued from time to time, as notice reached us of parties endeavoring to place risks located at distant points below board rate in this or other cities, and in this mode we have called the attention of our members and of

other Companies to 317 distinct risks. The knowledge of our ability to check such piracy—for no more distinctive word can be used—by this mode of publication, while not always in time to be effectual, has been a service of great value. But the evil which is thus desired to be reached is of a subtle character, and cannot always be tracked; though I am free to say here that it has been much magnified, and that I am convinced that there is much more said about risks being placed in the manner referred to than there is any foundation for. Of Local Boards, the number now is 200, and of these you will find on the table a complete list with the names of officers. The number would have been larger by a few figures, but for the fact that in this and one or two other States several scattering and small Boards have ceased by order to exist, the members attaching themselves to county organizations, which, generally speaking are more effective as well as economical.

The office staff has been necessarily doubled since last May, and I cannot refer to this fact without expressing my sense of the diligence and faithfulness at all times of Mr. Miller, your Secretary, and the others in the office. The business having grown beyond the ability of one room to contain it, your Committee enter to-day upon the occupation of their new rooms, the floor above Underwriters' Hall, which are sufficiently capacious for present needs.

The duties of my position have called me away a few times, a recital of which appears in order here. In July I spent three days in Detroit in company with your Chairman, who was appointed a delegate to the meeting in that city of the North-Western Association. On my return I was present at a meeting of the Buffalo Local Board, and the two following days attended the formation and organization of the New York State Board. On July 30 I attended a meeting of the Albany Board by appointment. On August 15, attended at Newark the organization of the New Jersey State Board. August 27 and 28, at Springfield, attended the organization of the New England Association, Auxiliary to the National Board. September 17, at Chicago, attended

the organization of the Illinois State Auxiliary ; the day following, the annual meeting of the North-Western Association ; and the day after that, special meeting of the Chicago Local Board. At these meetings in Chicago, all of them of unusual interest, I was in company with Messrs. Oakley and Kellogg, who were appointed a delegation from your Committee to meet the North-Western Association. On the 21st, with Mr. Oakley, attended a special meeting of the Milwaukee Board. September 24 and 25, with Messrs. Oakley and Kellogg, a meeting of Cincinnati Agents, which resulted in the formation of the Local Board of that city. September 26, with Mr. Oakley, a special meeting of the Toledo Local Board. October 16, 17 and 18, attended at Atlanta the sessions of the Underwriters' Association of the South, which resulted in the complete organization of that body. November 16, attended a special meeting of the Poughkeepsie Local Board with Messrs. McLean and Alliger. November 26 and 27, with Mr. Oakley, a meeting in Philadelphia, of sundry Managers and General Agents. December 16, at Newark, N. J., attended a conference of members of the New Jersey State Board. And from the 11th to 14th of March, inclusive, was with Messrs. Oakley and Chase in Boston, being your Special Committee appointed to visit that city in behalf of, and to represent our interests there ; and, on the 15th, attended a special meeting of the Underwriters' Union of that city.

I take pleasure in laying before you the report of our Special Agent, Mr. J. A. Hall, who, since his appointment in the middle of December last, has been sedulously and efficiently engaged in extending and confirming the operations of the Board ; his success has proved the importance of such an office, as well as the wisdom of your choice. His report shows in detail the visits he paid to the cities of Pittsburgh (twice), Milwaukee, St. Louis, Hannibal, Macon, Erie, Steubenville, Columbus (twice, once in attendance at the State Board meeting), Cincinnati, Louisville (twice), Nashville, Memphis, Little Rock, Newark, O. ; Zanesville, Peoria, Galesburg, New Castle, Pa. ; Carlisle, York,

Reading, &c., having in view the perfection of Local Board matters, the establishment of rates, and in some places in attendance upon, or inquiry into, the trials of Board members.

Pardon my delaying you a few moments more, when I call your attention to one feature involved in a great branch of your labor. We work upon our representatives the agents in localities, and calling them together in organizations, do so as the means whereby we may attend the ends all have in view—namely, correct practise and adequate ratings. But there seems a higher principle even than these we should keep well in sight, and that is, the Law of Association, which is involved in Local Boards. We call upon agents through these to fix rates which, if adequate, are accepted, and to jointly agree to write specific and correctly worded policies; but we have yet more to show them in the benefits of mutual conference and interchange of experiences, whether the value of these be much or little; the contact of minds engaged in the same pursuit evolving lessons of instruction, the benefit of which cannot be overlooked.

No better illustration of these views can be made than by reference to a common, and, I may say, selfish remark, which has many a time been uttered by old and experienced agents, that “they were not willing to teach the business to the younger agents”—a tuition which they recognized was involved more or less in the Local Board movement. And as of the Local, so may be said of the State Board movement, though here there has been no holding back of any General or Special Agents, excepting in one case, where a gentleman, elected to a high office in a neighboring State Board, shortly resigned, with the sarcastic remark: “He respectfully declined to act as a professor in so distinguished a college!”

Keeping this point before us, therefore, our members are entitled, themselves belonging to our Association, to demand, in all cases and at all points, from their agents, that they establish and perpetuate their local associations.

Some agents, with strong personal prejudices, decline to "associate" with certain other agents; but they must be made to understand they are not called upon to associate as *principals*, but only as agents, and in this official capacity they have no right to say they will not associate with any other member. Our members must see to it, that they are never deterred by these cries of personalities from requiring prompt action from each of their agents in connecting himself with the Local Board. Two cases have recently come to notice, where members of two prominent Local Boards have resigned, because they were not treated as "gentlemen." One of these has withdrawn his resignation; the other yet awaits the Board's apology to him. While individuals may act unbecomingly, and make themselves offensive to their brethren, I still maintain they have no right—acting as representatives of their companies—to thus take the law into their own hands. If grievances exist, and underwriters would be a singularly exceptional body of men did such not exist, it must be established as a maxim by us that the agent must first re-establish himself in good standing with the Board before those grievances can be enquired into by the proper authority. We must secure, establish, and perpetuate these associations; and it is trusted that all our members will heed us when we say that close observation of their workings forces us to the conclusion that, while they are essential to the harmony of our operations, they are, in a large majority of cases, beneficial, personally and professionally, to the agent. And whatever is beneficial to the agent must react upon his principal, the company. Let our members impress vividly upon their agents that these are not engaged in a mere trade, but in a pursuit which, followed intelligently and diligently, will become to each one a profession; and, indeed, to require them, in all cases, through these Associations which we are fostering, to seek by every opportunity the benefit of the experience—such as it may be—of their fellow-agents; and by observation and study to train their

minds to an intelligent performance of the trust committed to them, and thus become lively members of the Profession of Underwriting.

All of which is respectfully submitted.

THOS. H. MONTGOMERY,
Gen. Agent National Board.

NEW YORK, April 28, 1873.

stating that all bills of the above character should be disallowed, unless their payment had been authorized by this Committee.

A letter was read with regard to the introduction of Baxter's steam engine in certain manufactures in Louisville, Kentucky, without additional charge for insurance. The following resolution on the subject was adopted :

Resolved, That in all buildings where steam or caloric engines are used for power an additional rate of insurance shall be charged.

The matter of a general circular for the information and guidance of members, concerning the transaction of the business of the Board, was referred to the New York members of the Committee, with power.

Mr. GEO. T. HOPE, President of the Continental, having called to see one of the members, was invited to remain.

Mr. ROUSE addressed the Committee, and offered the following resolution :

Resolved, That the rates on dwellings in the State of Ohio, as promulgated under Circular No. 82, may be regarded as advisory so far as relates to farm property.

After discussion the same was adopted.

The Committee then adjourned.

STEPHEN CROWELL,

H. K. MILLER, *Secretary*.

Chairman.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS

HELD AT ITS ROOMS 156 & 158 BROADWAY, NEW YORK,
JUNE 19TH, 1873.

The Committee met at 11 o'clock a.m., pursuant to call, the Chairman, Mr. Stephen Crowell, presiding.

Roll-call showed the following members present: The Chairman, and Messrs. Kellogg, Chase, Platt, Baker, Rouse, Smith, Walton, Bigelow, and Oakley. There were also in attendance Mr. William B. Clark, of the *Ætna*, in place of Mr. Hendee; Samuel P. Blagden, Secretary of the Board; and Thomas H. Montgomery, General Agent.

The Minutes of the meeting of May 15 were read and approved.

On request, the Minutes of the weekly meetings of the Provisional Committee occurring since the last meeting of the Executive Committee were also read and approved.

The GENERAL AGENT then read his Report, which was accepted, and the subjects therein treated ordered to be taken up *seriatim* for action.

REPORT OF GENERAL AGENT.

Mr. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE:

At your meeting of May 14 and 15 ult. sundry resolutions of the National Board passed at the recent annual meeting, and referred to you for action, were passed upon by you, and promulgation of

them in circular form was ordered. The same have been duly forwarded to members of the National Board and Special and Adjusting Agents in the following order :

- No. 63. Letters of Complaints from Agents to Companies to be referred to General Agent.
- “ 64. State Board Expenses.
- “ 65. Form for Mortgage Policies.
- “ 66. Adjusted Losses to be paid at Maturity only, unless with consent of majority in interest, &c.
- “ 73. Additional Rate to be charged for use of Steam or Caloric Engines for Power.
- “ 67. New Mill Standard Survey.
- “ 68. Night-work in Mills, being report of Special Committee of June 11, 1872.
- “ 69. Fire Works Circular, charging one-half per cent. per month for privilege of keeping, &c.
- “ 70. Fourth of July Circular.

The subscription list for the Incendiary Fund was also prepared, agreeably to the Resolution passed at the same meeting, and circulated among the members for signature. Certain of our members await formal reference of the document to their Boards of Directors, but the subscriptions already amount to \$70,720. Including the offers of reward made by your Provisional Committee, as appears from their Minutes, the number of rewards now out is six, amounting in all to \$3,000. Printed slips embodying a notice of the action of the National Board in this direction, embodying remarks taken from a Philadelphia newspaper, and which were prepared by a member of your Committee, have been extensively circulated to our members and others, including every Local Board in the country ; coupled with a request to the local agents to insert the notice of the Incendiary Fund in local newspapers, which has been very generally done, as is evidenced by the many newspapers coming into the office from all parts of the country containing the notice requested.

Your appointment of Mr. W. J. Davis as Supervising Agent of the First District was accepted by that gentleman, and he entered on his duties on the 21st ult. Beginning with attendance on the special meeting in Boston of the New England Association, his time since has been given to Local Board matters in New England, with but one exception, and that was a visit to a Board in this State. The value of his appointment has already demonstrated itself in his efficient investigation of certain local troubles, resulting in measures which have full promise of securing harmony at the points visited. The result of Mr. Davis's work thus far has drawn from him certain suggestions of practical, and indeed pressing importance, that I will refer to them in connection with an allusion I intend making to the record of the suspension of a local agent which will come before you at this meeting.

Under the authority of your action at the last meeting, Mr. David Aiken has been employed for the term of three months in rating points in Pennsylvania not yet brought up to the State Board minimum.

I have to announce to you the resignation of Mr. J. A. Hall as Supervising Agent for the Western District, to which field he was assigned at the same meeting. His resignation, which took effect on the first of this month, leaves a vacancy in the important field referred to, the supply of which demands your attention at this time. The work in the West and the Northwest is one of a continuous character, and at the present juncture of peculiar importance; and the National Board must have as its representative there a gentleman of no ordinary ability, and one well acquainted with the whole field and with the various issues growing out of our work there.

The circulation of Dr. Wahl's report on light petroleum oils has been widely extended, agreeably to your action at the late meeting, and the 10,000 copies ordered have nearly been exhausted, the distribution being ordered to our members, to every Special and General Agent, and to the nearly 8,000 local Agents we find enrolled in our Directory. It was with pleasure that we complied with Dr. Wahl's request to furnish him with some copies by forwarding him fifty.

The State Board of Michigan, at their meeting of May 20, took action upon your Resolution as to rating saw-mills employing petroleum lubricators: but not having the proceedings before me, I am unable to present to you the exact words in which such action was expressed. The meeting resulted in harmonious feeling among the members on all hands, and the question of rates—particularly those on dwellings—obtained a solution in the firm adoption of your December minimum, and the application of them in all Local Boards with decreased opposition.

Your resolutions of the 14th and 15th ult. respectively, respecting rates in Ohio, were duly referred to the State Board for information and consideration; and beyond this they had no promulgation from this office. Being asked by the Board in what manner the second resolution, *i.e.*, relating to farm property rates, was to be promulgated, our reply was, that being without instructions from your Committee upon this point, further than its mere reference to the State Board, we had no suggestions to offer upon its mode of publication.

I have now to lay before you a copy of the proceedings of the Executive Committee of the State Board held at Toledo on the 11th, summoned to consider the resolutions referred to. The action had in the resolution of the 14th is given in the following preamble and resolution:

“Whereas the Executive Committee of the Ohio State Board having, under its Constitution, the charge of the affairs of its Board during the intervals of the meetings thereof, in view of advices by correspondence, and personal intercourse with many members of the Board, deem it inexpedient to convene the same at this time, as it is believed the following is substantially the opinion of the several members.

“ Resolved, That inasmuch as the revision of the rates of the several Local Boards in the State has been lately undertaken, and nearly completed, so that the same conform substantially to the requirements of the December Tariff, it is considered inadvisable to now make any changes therein, except it be a sharp advance, unless the cities whose characteristics will warrant it be rated according to the schedule system, upon the plan promulgated by the National Board in September last; provided the basis rate in the several cities respectively be fixed by the Executive Committee of this Board, subject to the approval of the General Agent of the National Board.”

No action was had on the resolution of the 15th, the communication from this office giving copy of said resolution being read, and on motion ordered to be placed on file.

One important recommendation was made by the Executive Committee at that meeting bearing on the question of Cincinnati ratings, and is expressed in the following resolution, namely :

“ Resolved, That we respectfully but urgently recommend that the city of Cincinnati be immediately rated by the National Board schedule of September last, and the work prosecuted with such a force of experts and assistants as may be necessary in order to complete the same; that the rates so fixed shall take effect and be enforced on and after the 1st of September next.

“ The Secretary presented sundry amendments to the Code from the Cincinnati Local Board.

“ On motion it was voted that, in view of the adoption of the resolution relative to rating that city, it is inexpedient to take any action on the proposed amendments; and that the papers be referred to the General Agent of the National Board.”

It is understood that the recommendation for schedule rating has the concurrence of some of our members most actively interested in the business in that city.

Your resolution on the St. Paul ratings was communicated to the Local Board in due form. A meeting was held on the 29d, and action had upon it, but not, it appears, to the full extent called for by your resolution, as it provided for the early adoption of the schedule system therein referred to without fulfilling the prior requirement of putting in force your full December minimum. The Secretary did not advise us of this, but the President, learning in a few days of this omission notified us of the Board's action. Upon receiving his letter I replied, calling his attention to the omission, which, in the light we had upon the subject, seemed a very serious one; and on the receipt of my communication the Local Board at once convened on the 31st, and the full requirements of your resolution complied with.

I have now to lay before you the official report of the meeting of the Executive Committee of the Wisconsin and Minnesota State Board, sum-

moned to consider that portion of the resolution referring to the schedule system, and which the Local Board had brought to the notice of the State Board, and asked their consideration and action upon it. This meeting was held on the 10th inst. at St. Paul, and the matter in hand was referred to a Special Committee to confer upon with the Local Board the same day, who, "after conference informed the Local Board that they could not approve any schedule rating that did not result in the full figures demanded by the December tariff; and in their opinion the better course was for the Local Board to accept the rates of the December tariff as their permanent basis, which, after some discussion, they did, and invited the Special Committee to inspect and revise their rates, bringing them up to a proper basis." Agreeably to which a Sub-committee on the day following commenced revising the rates.

Our attention was called on the 20th to the action of the St. Louis Board on the 19th suspending all rates over three per cent. I need not further here refer to the details of the correspondence had by this office with the Local Board, and the action taken by us in procuring from the Board on the 9th instant a reconsideration of such action, as the whole has been published in circular form by that Board, and distributed to all the Companies having agencies in that city. A copy of this circular I now lay before you. One of your members, Mr. Dwight R. Smith, is entitled to our thanks for being mainly instrumental in accomplishing the result obtained on the 9th inst. Understanding he was shortly to be in St. Louis, I had at once communicated with him as to the action of the 19th May, and while he was there asked him to give the matter his attention, and secure before leaving the city a restoration by the Board of the suspended rates. I think the result as announced is largely due to his careful and prudent management of the matter.

There is one reference in the Local Board circular before you which I cannot pass without alluding to, and to which I attach the more importance as it has reached me personally from members of the Board; that is, that the Companies had never instructed the agents to comply with the requests of the General Agent, and until such instructions reached them they failed to recognize the right of the General Agent to so request them in any matter. In this they overlook, and perhaps, indeed, intentionally, avoid meeting the great fact that the General Agent merely declares the sense or pronounces the action of the Executive Committee, and that he had only asked them to do what the Committee requires. The correspondence with the Board carefully guards this point, and it might almost appear that the reference to the representative of the Committee in the discussion was only another way of saying that their Companies had failed thus far in instructing them to fulfil the requirements of the Committee itself, which they knew they could not say.

This controversy at St. Louis discloses the necessity of some reiteration on your part, and at this time, of the rule that no Local Board under your jurisdiction can suspend or reduce rates without the approval of your

committee, or of some authority delegated by you, to act in such cases—such, for instance, as the committees of the State Boards. Even in cases of improvement of hazard, this office has held since December last that no Local Board could judicially act without the proper reference. Although the Code for Local Boards, promulgated in September last by you, gives this power when the risk is decreased to reduce the rates to those bodies, it has been held by us that it is only due to the various State Committees, apart from the general principle involved, that they should in all such cases be consulted in order that the new rating should have what is deemed the proper sanction. My attention was called incidentally a few days since to the reduction by the Syracuse Local Board of sundry rates in specially hazardous risks due, it was said, to improvement of hazard. Desiring to meet the question at once, I enquired of the Secretary of the Board if such had met the approval of the appropriate Committee, to which he replied that they had not, and that the reading of my letter to the Board caused the resignation of two members of the Rate Committee, who said they would no longer serve. Happily, should the vacancies in the Rate Committee continue, there can be no reduction in any of their rates, and so far the matter of reduction is settled by themselves. Such action as you may now deem advisable in this direction I should like to see promulgated in a circular reminding Local Boards of their various obligations to the National Board at these momentous times, in general terms. I think the time has again come to have some familiar talk with all these organizations, and in this mode again convey to them some wholesome counsel.

It seems in place here to ask from you some expression of your views as to the attitude and conversation of our Special and Adjusting Agents in many directions, as to the usefulness as well as authority of the National Board. I do not desire to be considered as reflecting in any way upon the majority of these gentlemen, in whom we find hearty and earnest supporters of our measures and rulings, and who have testified in many ways to their faith in the abiding strength of your organization. But there are some, it must be noted, though few I believe, who being frequently thrown in contact with local agents, utter expressions of sympathy with them which, to say the least, are injurious and harmful to our best interests. Local agents, in many places, may dislike the bonds thrown around them by the National Board, and feel restless under the deprivation of that former liberty in which they almost encompassed the ruin of their companies. But their views of whatever value should not find the least echo in any Special or Adjusting Agent, not only in word and deed, but I will say also in thought. The doctrine cannot be too strongly enunciated that as long as the companies are faithful members of the National Board, and the responsibility of this membership resting alone with them, their representatives should on no occasion give expression publicly—however much he may so do in confidential communications to his principals—to any views subversive of the loyalty and harmony which lie at the base of our fabric.

It is with pleasure that I report to you that the New England Association, at its special meeting in Boston in May 22d and 23d last, put into form the rating of the city of Providence, and the Special Committee, raised for that purpose, visited that city on the _____, and putting the matter before the Local Board and in conference with the Local Companies, secured the adoption of the Schedule System for all their buildings upon the basis in force in this city for brick buildings, and for frame buildings and all occupancies on the basis and schedule in force now in the city of Buffalo. The Board call upon you to sustain them in the expense involved, and ask the assistance of some expert to start the good work for them. We have already undertaken to secure this latter, and are in expectation of having Mr. Surveyor Churchill, of the Buffalo Board, give his personal attention to the matter on July 1 for a fortnight, the Buffalo Board having kindly, on our request, granted him leave of absence for that period.

I present herewith proceedings held by the Norwich Board on April 4th last in the case of the suspension of Mr. E. Fuller, under their by-laws. The papers in this case were referred to the New England Association for the proper investigation, but no report on the same being made to us, I asked on the 7th inst. a return of them to us, in order that the matter might be brought up for your action. A decision is now desired on the question of the legality of the vote had on the occasion of Mr. Fuller's trial, the vote required being a two-third's one, which was had, leaving out Mr. Fuller's vote, he being present, which was tendered by him. He claims that this vote should have been received, and if so there would not have been the requisite two-thirds for his suspension, as the vote would have stood three to four instead of two to four, as officially reported to us.

I will in this connection call your attention to certain difficulties attending the prompt action of companies in administering the proper discipline to their agents upon their trial and conviction by Local Boards, and to the inherent troubles arising out of the power many times wielded indiscreetly if not harshly by Local Boards when exercised in the trial of a member. These difficulties have been felt by us for some time past, and the necessity arose of calling upon Local Boards when proceeding to the trial of a member to secure the presence of a representative of the National Board, as well as representatives of the companies particularly interested. The time seems to have arrived when your attention can no longer be deferred in this matter of really grave importance, for discipline to be efficient and salutary must be on the part of the companies prompt and united. But Mr. Davis expresses his views in this direction so admirably, that I will quote him here, and call your earnest consideration to the points he presents, and to which I have already made reference :

“The punitive department of the National Board seems to me to need alteration and systemization—if there is such a word.

" Much trouble arises in Local Boards, from the fact that it takes so long to effect the punishment of an offending member.

" The power and good faith of the National Board are brought into disrepute by the delays necessarily consequent upon the present method. I will suggest that an order be issued by Executive Committee covering the points:

" 1st. In the first district, which has a Supervising Agent, the right of appeal to the State Association be taken away in all cases.

" 2d. In all cases of trial due notice of it shall be given to you, so that you may be represented there.

" 3d. In all trials specific charges shall be made in writing, which at the trial shall be read to the accused, and to which he shall plead guilty or not guilty.

" 4th. All the evidence produced on the trial shall be presented in writing, and a full record of all proceedings shall be made up by the Secretary and transmitted to the General Agent.

" 5th. No sentence shall be passed by the Local Board; but, on the evidence and on the report of the Supervising Agent, if any is used, the Executive Committee shall pass such sentence as they deem proper, and shall see that it is executed.

" 6th. No accidental violation of rules or rates will be deemed worthy of sentence; but in no case will unreasonable negligence in finding out rates and rules be accepted as an excuse for the violations of either.

" It seems to me that the adoption of these or similar regulations, which will of course override all conflicting regulations of Local Board Constitutions and By-Laws, will greatly tend to take away causes of disturbance in the Board; and, besides, they will bring about more speedy justice than is at present attainable.

* * * * *

" Take away the local power of finally judging and punishing members, and another great cause of discord and bad feeling against the National Board is done away with.

" Besides, what shall constitute a punishable offence, and what punishment shall be meted out to the offender, differ with almost every different Board in New England.

" There should be uniformity, and these regulations which I suggest, will ensure *practical* uniformity."

I present for your approval certain lumber rates offered for your consideration by the Executive Committee of the Pennsylvania State Board, and acted upon by them at a meeting held on the 5th instant.

One difficulty in certain localities in Pennsylvania has presented itself to us by some of the agents of our Companies bearing on a phase

of the Mutual Question, which is not encountered elsewhere. The consideration of it seems called for by you at this time. It is this: Certain Mutual Companies, whose agents or managers are members of Local Boards, will write an annual risk at eighty per cent. cash of the Board rate, taking the twenty per cent. balance in a note for sixteen times of the amount of such balance. Theoretically, the note is liable to assessment, and the Mutual Companies referred to claim they have no advantage under this liability over agents who are bound to the whole cash system. But I am inclined to think, and the representations made to me confirm this view, that practically the all-cash plan is secondary in the eyes of the community to the other, and has perhaps only second choice of risks; the assessment on the notes referred is but small, and for the sake of saving the payment in cash of one-fifth of his premium, the assured will not object to give a note, even though it is for sixteen times the amount of that difference, and take his chance of an assessment or assessments. If these premises are well taken the all-cash plan would appear to operate to a disadvantage.

I lay before you certain correspondence had by the Glen's Falls Insurance Company with this office which seems to indicate that, rather than forego a free rating in dwellings at all points, they would have to sunder their connection with the National Board, with the ratings of which in all other property they express themselves in full accord. They appeal to your Committee in the matter, evidently with the hope that an exception may be made in their favor in the dwelling rate question, but stating frankly that if the alternative is presented to them they will have to cease to be members of the National Board. It must here be recorded that the action of the General Committee last December in naming rates on dwellings was mainly due to the request on the subject, as applicable at least to the State of New York, by certain companies, among which the Glen's Falls was one of the most prominent.

A controversy in the Lexington (Kentucky) Board has been had for some time on the rate on hemp in barns, the majority of members holding that when in barns hemp should be rated simply as farm products. A decision was given by us on May 10 that our December minimum made the rate three per cent., and to that they must adhere. On May 28 they put this in force, but voted down a resolution to bring up the rates on all policies written below this minimum since the receipt of our decision. I am unofficially advised that a reconsideration of this vote has been had, and all policies written subsequent to the knowledge of our decision corrected accordingly. But on the question of our application of D. ratings under your December rating to hemp in barns, namely, three per cent., the Local Board have forwarded an appeal to your body, which I now have the pleasure of laying before you for your action.

One of our members has recently called our attention to an evil which attaches to many localities, and that is of Agents accepting the payment of premiums in trade, or, what is less excusable, in time

notes. That the Agent who has no capital is put to a disadvantage there can be no doubt, when those with capital can attract business by giving their clients time in payment of their premiums. My attention has at other times been called to the matter, and its bearings upon the good feelings, and indeed good practice, which should exist among members of Local Boards; but I am not prepared to assert that it is in the power of your Committee at this time to counteract the harm done, further than calling the attention of Companies to the matter, and asking their consideration of it, with a view at least of preventing the increase of the evil.

Attention having been called to the advisability of issuing a new edition of the Standard Survey for Elevators issued in 1889, we have had, after consultation with a member of the Board who was at that time active in framing that standard, Mr. J. A. Rankin, more proofs struck off of the same; but it is seen that improvement in construction, &c., of elevators generally demands a revision of such standard before a new edition is issued. Should your Committee deem it advisable at this time to take action in this direction, a committee could be named by you who could take the matter in hand, with power to act. The new standard should be made applicable to all the Lake Cities. The Committee should have it visit Buffalo and Chicago to perfect their revision of the proposed standard, and it will be requisite for you to authorise the officers to defray the expenses of such Committee.

Subsequent to the opening anew of this elevator standard to consideration, I was in receipt of a copy of proceedings of a meeting of Adjusting and Special Agents, held in Toledo on the 13th inst. These gentlemen were there assembled in the adjustment of the losses by the fire of the 6th inst. The subject of rates on elevators being under consideration, a recommendation was made as to the rates on certain specified elevators as follows, and your Committee was asked to adopt these ratings, and cause circulars to be issued to this effect:

RATES ON GRAIN.

Young and Backus's elevator	-	-	-	4 per cent.
King's	"	-	-	4½ "
Wallbridge	"	-	-	5 "
Michigan, Southern, A.	"	-	-	4½ "
" " B.	"	-	-	4½ "
Day and Michigan, A.	"	-	-	5 "
" " B.	"	-	-	5 "
Toledo and Wabash, 1	"	-	-	5 "
" " 2	"	-	-	Burned.
" " 3	"	-	-	5 "

On motion, the rates on buildings was fixed at one half (½) per cent. above the grain rate.

These gentlemen also passed the following important resolutions, which should find room here :

Whereas, the disastrous fires which from time to time have occurred in this city, and within the last six months entailed loss upon the several Insurance Companies having agencies here, to an amount exceeding a quarter of million of dollars, engages the serious consideration of Insurance Managers, and demands strict investigation into the cause of the extent of such fires, as well as a proper precaution against their recurrence in the future ; therefore—

Resolved, That we will, collectively and individually, urge upon the Local Agents of the several Companies we represent, as the surest means of preventing a decided advance in the rates for Fire Insurance in this City, their most strenuous efforts to induce the citizens generally, and the authorities in particular, to secure the services of the fittest persons obtainable for the management of the Fire Department ; to procure the passage of ordinances, as are provided by cities of like importance, to wit : Regulating fire limits ; the construction of buildings, distributing the storage of coal oil ; prohibiting the erection of frame sheds in the alleys of the business portion of the City, thereby endangering property of great value ; and the appointment of a suitable person as Fire Marshal, whose duty it shall be to see that such ordinances are rigidly enforced.

Also to effect the organization of a small Fire Patrol, to be provided with suitable paulins or covers for the protection of goods at fires.

Resolved, That a copy of these resolutions be furnished to the Toledo Local Board and the General Agent of the National Board.

The resignation of Mr. J. A. Hall, Supervising Agent for the Second District, having been announced, he having accepted an appointment for the Home Insurance Company, of New York, as State Agent for Wisconsin, the subject of a new Supervising Agent for the West was discussed, and the following resolution was offered and adopted :

Resolved, That the engagement of a Supervising Agent for the West be referred to the Provisional Committee with power, it being understood that the Executive Committee would concur in the appointment of Mr. J. Peetrey as such Agent, could he be engaged on satisfactory terms.

The General Agent referred to the letter from Supervising Agent W. S. Davis, read in his report, embodying certain suggestions with regard to Local Board proceedings in cases of violation of rates or rules.

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE,

Before asking your attention to any new subjects of interest which may have come up for your consideration, there are a few matters of great importance arising out of the proceedings of your last meeting, upon the operation of which you will doubtless expect to have some report.

I will first direct your attention to the appointment by the Provisional Committee, under the authority conveyed to them, together with the expression of your views in that direction, of Mr. Jacob Peetrey, your former associate, as the Supervising Agent of the National Board for District No. 2. Mr. Peetrey accepted the appointment and entered upon the discharge of his duties on July 1st, since which time he has been actively occupied in their discharge. In view of there being no appointment for District No. 3, as well also in view of Mr. Peetrey's knowledge of and acquaintance in that field, it was deemed best to ask him should occasion arise to give such attention as necessity would suggest to points of importance in the South. He readily assented, and before leaving this city for the West he spent some days between Washington, Norfolk and Richmond, in reaching an adjustment of some difficulties which had presented themselves at those points. It would be proper for you to take some more formal action in this direction, as there are other places in the South and South West which may need the presence of a representative of the National Board ere long, and there is no one more capable than Mr. Peetrey and who will be better received by our friends there than he. I have already more than one request on file calling for a rigid investigation in local agency matters at an important point in Georgia.

Mr. Davis continued in the vigorous performance of his duties until the last of July, when he was prostrated by a serious illness which threatened alarming results unless he sought complete rest and repose for a month as called for by his physician. While regretting the cause of his furlough, it was cheerfully granted him by your Committee. His illness continuing longer than was at first supposed, a further extension of time was granted, and with equal promptness; and I am happy to announce his preparations now to begin the fulfilment of sundry engagements of importance in this State and Pennsylvania.

During Mr. Davis' illness, a case arose in the Pittsburgh Board, of charges being preferred against one of its members, and as it was a matter of urgency, I forwarded the papers to Mr. Peetrey, who was then about due in Columbus, requesting his attention to the matter on behalf of Mr. Davis, which he promptly did and with very satisfactory results. On his way from that city he spent a day in New Castle advising and aiding the members of the Board in a threatened rupture in their Board, and this visit has resulted in entire harmony in that Board. I refer to

these details in order to ask you at this time to consider the advisability of attaching Western Pennsylvania to District No. 2 on account of the easy access to it of Mr. Peetrey from Columbus, as well also of the similar traits of business and of character which are to be found in that part of Pennsylvania and in Ohio. I have conferred with Mr. Davis upon this subject, and in a letter now before me, under date of the 11th inst., he fully concurs in this view of the case and advises its accomplishment.

At your last meeting some suggestions were laid before you of Mr. Davis' regarding some different procedure in the trial of agents accused of violation of rates or rules of a Local Board. You endorsed them by a resolution, requesting the General Agent to put them in formal shape and submit them to members of the Committee as soon after adjournment as could be, and upon their approval of the form in which they were to be promulgated, they should at once go into effect. Members having unanimously given their assent to this new measure thus presented, they were promulgated under Circular No. 84, a copy of which is laid before you, and which, I may add, has created as much notice and been as extensively circulated as any publication ordered by you of that nature. The rules thus far have worked admirably and been conducive of order in the proceedings of a trial and of united results in action, as called for by the verdict. While the evil-disposed obtain under these rules their just rewards, the innocent find full protection; and final judgment being left with your body, both Company and Agent feel their interests are in safe keeping, and rely upon the presence of your representative to see that all proper formalities are observed in establishing the weight of evidence. It is a labor-saving operation to all concerned; as hitherto, the mere verdict of a Local Board has often been brought into question, and even with all the correspondence ensuing therefrom, individual Companies have felt disposed at times to question the action of the Local Board. Although complaint has reached us that cases of violation have sometimes to be delayed in order that your representative be present when we are requested to furnish a substitute, yet it will be found that the interests of local Underwriters will really be more effectively served by our present mode, and the condemnation of the guilty more promptly brought to a conclusion.

Authority has been given by you for the examination by your Supervising Agent in District No. 1 of agency books in five different localities, namely, Oswego, Auburn, Ware, Mystic Bridge, and in Syracuse and Steuben County, New York. The three first have been performed and report duly made, and the effect has been beneficial, for while in some cases it has proven serious charges, and brought to the notice of Companies interested some serious violations of rates by their agents; it has, on the other hand, convinced the accusers they had not full authority for their statements. Other points have presented requests for examination of agency books, but the same are not granted unless there is reasonable ground in the estimation of the Committee to grant such. There are

places yet to be visited by Messrs. Davis and Peetrey, which may develop the necessity for such, and upon their representations the Committee will act. That the authority thus given under the resolutions of the National Board to your Committee to order such examinations is a healthy one, there can be no doubt, and in the careful administration of the same by your accredited representatives a correction of the supposed errors is reached without a violation of confidence. It is only to be granted upon mature consideration, and has never been yet done upon idle rumor. Had we listened to all the personal requests made in this direction, time would not have sufficed to your representatives to perform the work so committed to them. It is trusted that all our members will appreciate the value of this arm of our service, for if any hold back we cannot ask the support of other members when their agents may be involved in an examination. Thus far we have invariably found that the straightforward and loyal agent has the most readily given access to his books, and otherwise given his full aid in the process of the examination.

Under the resolution passed at your last meeting regarding the case of Mr. Fuller at Norwich, referring the matter to the General and the Supervising Agent with power, I have to report that Mr. Davis and I concurred in affirming the suspension by that Board of Mr. Fuller, but coupled this decision with a request that the suspension be removed, which was promptly done by the Local Board.

Two of the resolutions passed at a meeting held in this city on June 18, called for the purpose of considering the deficiencies in the Boston Fire and kindred Departments, bore reference to the examination by your Committee into,—firstly, the “condition of the Fire Departments of the different cities of the country;” and, secondly, “the question of the extension of the Fire Patrol system in the leading cities of the country.” These were presented to your meeting on June 19, but were ordered filed for future action. This is as good a time as any future time will be to gather facts bearing on the one, and to use influence bearing on the other; and if set in motion now we may gather valuable information through the coming winter in time to make a digest of it by the next annual meeting of the Board. The reference here to the Boston meeting, so called, leads me to call your attention to a letter I have received, which, although marked “confidential,” contains some reputed facts which you are entitled to have possession of, as bearing upon the inadequacy of the water supply of that city in the emergency of a conflagration.

Messrs. Rankin, Bassett, and Bigelow, the Committee appointed to prepare a standard for elevators, have not yet united upon a report for presentation to your body.

The joint Executive Committees of the New York and Pennsylvania State Boards have united upon a standard for tanneries, but before submitting them to your Committee for consideration they have caused dis-

tribution of sundry copies to be made among the General and Special Agents of the two States, in order to test its practical value.

The resolution calling for a charge of fifty cents additional premium on all mills using the products of petroleum as a lubricator has enlisted some discussion in New England and in this State. On the 12th inst. your Provisional Committee were waited upon by Messrs. Dunham and J. C. Paige, members of a Committee of the New York State Board, to present to your notice and consideration some facts which they deemed might qualify your action of June 19, if not modify it. Immediately before the conference referred to, one of the members of the Committee drew up briefly in writing some points of his argument, which I here lay before you. In this connection I also lay before you letters from other parties upon the subject which are of interest. In view of the fact that there are some products of petroleum which, bearing a reputed fire test of 300 degrees and upwards, and of the fact of the present use of certain well-known brands bearing this test by many mills, it may be in your discretion at this time to make some further review of the subject. While on the subject of petroleum, I have the pleasure of laying before you a letter from Mr. Alex. Stoddart upon the dangers of the use of kerosene and its consequences, which is worthy of having its suggestions carefully considered by you.

The Baltimore Committee appointed at the last meeting was composed of the General Agents of the three Companies named in the resolution, namely, Messrs. Bassett, Bigelow, and Blodget. The fire of July 25 in Baltimore had given additional interest to the work committed to this Committee, as well also the fact that many of our members had united in ordering their agents respectively to vote in Board meetings for an advance of 50 per cent. on mercantile risks, and 25 per cent. on special hazards. These gentlemen met the Local Board on August 30 in meeting assembled, and it was their expectation to present a report to you at this time of their views of the situation, and to make such recommendations as they deemed you might look for from them after their attentive review of the subject.

Your Provisional Committee, with the concurrence of some of the out-of-town members, issued on July 23 a circular (No. 87) calling for 50 cents additional charge on all shoe factories where patent (or gutta-percha) cement is used, being by way of endorsement, and also an amendment to the action of the New England Association, at their meeting of May 25, in Boston, when prohibiting the use of benzine or naphtha. This has been a very effective document, and while calling forth some appeals for some modification of the order, has at the same time evidenced that it has been of material service, by enforcement of the rule, in securing the removal of the dangerous articles referred to from many of the establishments referred to. I lay before you the action of the New England Association at their annual meeting of August 19, of the New York State Board at their special meeting in Albany of the 2d inst., and of the Lynn Local Board held on

July 31. The two State Boards referred to ask that a modification be had so far as to permit the use of gutta-percha cement, not more than one pint of the same being at any one time kept or in use in the factory.

I submit to your notice at this point a letter from the President of one of our Companies, directing attention to the importance of prohibiting the use of benzine in printing offices, which it is believed has caused the majority of fires occurring in this class of risk ; or at least of so limiting it in quantity on the premises by a charge of an additional premium therefor.

The New York State Board present for your approval a scale of minimum rates to apply to all risks not otherwise rated, proofs of the same being herewith submitted. It is hoped that these have been adopted with the understanding that the various District Committees of the Board will in time bring the various local tariffs up to the standard here set forth, as the only plan of correcting the various inequalities which exist in neighboring tariffs in the same class of risk, to the discomfort of local agents and the annoyance even of our Companies. They also ask, by resolutions passed at their annual meeting of July 15 last, that you consent when, "in writing policies on manufacturing risks, fixtures may be written with fixed and moveable machinery;" and also "that a deduction of 25 per cent. may be made from the present rate on all lumber yards when the average clause is made part of the policy."

The New England Association, at their recent meeting, recommended the incorporation into all policies on woolen mills of a warrantee in regard to kind of oil used, and the character of stock, by insertion of the following clause—"Warranted to use only pure white or saponified red lard oil, and that the stock used shall be pure wool;" or this—"Warranted to use only pure white or saponified red lard oil, and that the stock used shall contain no more than per cent. of cotton and shoddy;" and with neither warranty full charges to be made for deficiencies on these points according to the National Board standard, as published under Circular No. 67, namely, stock \$1 and oil 30c. This is accompanied with a request to your Committee that should it meet your approbation you promulgate the same.

This Association also voted at the same meeting that from and after September 1st instant "the minimum rates on dwellings in Maine and New Hampshire shall be one per cent. for three years, one and one-quarter per cent. for four years, and one and one-half per cent. for five years." This needs, apparently, your action.

While on the subject of dwelling rates, I present for your action the petition of the Penn Yan Local Board of this State, asking your approval of their action had at a meeting held on August 30 ult., abolishing that portion of their tariff which includes rates on dwellings.

The New England Association have a Committee on the writing of policies, whose duty and desire is to bring in some efficient manner to the

notice of local Agents in New England the various rulings by the National Board on this head, in order that correction may be had of the present want of understanding among them of the proper forms, and to secure the use of uniform specifications and divisions, and the proper wording of endorsements, &c. The Committee have submitted the rough draft of their views, which I herewith submit for your consideration and direction in the matter.

At the annual meeting of the Iowa and Nebraska State Board, held at Des Moines on the 14th and 15th ult., a resolution was passed, asking your Committee that the State of Nebraska be detached from that Board and attached to the Missouri and Kansas State Board, in view principally of the fact that the rates of Iowa and Nebraska are on a different basis, those of the latter State being in substance those prevailing in Missouri and Kansas. We are advised that your action in compliance with this request will be equally welcomed by the State Board of the latter States, and both parties are desirous for your early action in the matter, in order that the Board may speedily arrange their Committee work for the winter.

This leads us to the consideration of other re-arrangements of State Boards which can be had to advantage, and at no better time than the present. Combinations of certain of them, now isolated, could work harmoniously together and it is thought with more efficiency, their divisions being geographical and commercial and not political. I hold in my hand letters from some of our Western friends, endorsing the plan, and expressing the hope some such result would be accomplished by you.

The Iowa and Nebraska Board passed a resolution at the meeting referred to, expressing their regret at your action of June 19 last, setting aside in the State of Ohio the tariff on farm property, and requesting respectfully the restoration of the same lest other and greater concessions will be demanded by special interests in other States, all of which it becomes my duty to lay before you. I will add, that some other associations have recently expressed themselves in like terms, but I have received no official report of the fact.

The Pennsylvania State Board having experienced the efficiency of the services of Mr. David Aiken, in applying the minimum ratings of the State Board in various localities in that State, a continuance of his services for a further three months is asked for by members of the Board.

The Secretary of the New Jersey State Board presents his bill for services amounting to \$600. It appears that the action of your Provisional Committee, at their meeting of June 20, appropriated \$250 to Mr. Worthington for his services as Secretary of the Board, and also an amount sufficient to cover his actual traveling expenses; but this action was never consummated.

The Wisconsin and Minnesota Board, at their annual meeting of the 9th inst., passed a resolution asking your attention to the subject of Electric Fire Alarms, and whether the introduction of the same into hotels and factories does not deserve encouragement by concession of rate.

The city of Terre Haute asks for a reduction of 10 per cent. on its present rates in consequence of the introduction and successful working of a new and complete system of water works.

The Local Board at Selma, Alabama, ask if it is in order for them to adopt a rule that where blanket policies are in use, covering cotton or merchandise in different buildings (with the average clause) for them to require that the warehouse on which rates are the highest, shall determine the rate of premium, and if so whether they have the right to convict a member for violation of such rule if found writing a policy at an average rate.

The Local Boards of Owensboro and Henderson, Kentucky, ask if any concession on stemmeries, with tin roofs, is to be made by your Committee before they proceed to print their tariffs.

Our Incendiary Fund subscription list amounts at this time to \$97,215, with some of our members yet to hear from. The number of rewards authorized since last report is twenty-four, giving the amount of \$15,250. The total number now outstanding is forty-two and amounting to \$25,950. The question has been asked in connection with one of them, offered in the case of an incendiary at Jefferson, Texas, where the reward was not published until after the arrest of the suspected party, whether the detectives were entitled to the reward upon conviction and punishment of the accused?

Under the auspices of the Ohio State Board, the scheduling of the cities of Cincinnati, Columbus, and Dayton is in process, but the Surveyor, Mr. Alexander, has not yet reached the latter city. The ratings in Cincinnati he hopes to have ready for promulgation by October 1st, the time named in your resolution of June 19.

The New York State Board are superintending the scheduling of the cities of Syracuse, Schenectady, Auburn and Poughkeepsie; Lockport, Rochester, and other cities are applying for aid in the same direction; and it is hoped that Albany may ere long be prepared to undertake the same work for herself.

As we have been solicited to apply a standard for cotton and woollen mills to various risks, as policies on them were about being renewed, it seems but right that your Committee should not only authorize some permanent or other definite arrangement by which all such applications can be promptly met, but also promulgate an order declaring that the results of the application of such standard to any risks of the kind must take precedence *pro forma* of any local or other rating. We shall ere

long have presented to our consideration standards and schedules for deficiencies for other special hazards by some of the State Boards, and the rule now laid down will in the future hold good in all such risks. It becomes our duty, as it were, to aid all in our power to make proper application of any well-matured system of rating you may adopt.

While announcing to you with regret the withdrawal of the Amazon Insurance Company of Cincinnati from membership in the National Board, a company whose faithfulness to its obligations has been excelled by none, I can with pleasure announce to you the formal adhesion to our Association of the Equitable Fire Insurance Company of Nashville, a Company who has for the past year held fast to our sound paths, and is now extending her operations in the agency business.

Agreeably to the appointment of June 19, Messrs. Rouse and Bigelow and the General Agent attended the annual gathering of the North Western Association, held at Milwaukee on the 16th and 17th July last. The attendance was large and gratifying, and the interest manifested in the work in hand more marked if possible than at even previous meetings of the Association. The printed proceedings will be issued now in a few days, and copies sent to the members of your Committee.

I must detain you with one further reference, and that is to the work of the Committee on statistics and adjustments, which is already showing fruits, which of themselves amply justify all labor spent upon it by its efficient chairman and the expenditures allowed for it, which are very slight compared with the results now before you, and which are only a promise of those yet to be obtained. A book for the entry of the returns of the Companies is now before you, showing you the results, the business of *forty-five* Companies on certain classes of hazards. The footings are not given as yet, as other returns are expected; but a glance will show the general experience of most of our members on the classes of hazard there given.

On motion, the report was accepted, and the matters referred to therein ordered to be taken up *seriatim*.

The question of adding a portion of the western part of the State of Pennsylvania, now in the First District, to the Second District, was considered, and the subjoined resolution was adopted:

Resolved, That the portion of the State of Pennsylvania lying west of the meridian of 79 degrees be detached from District No. 1, and attached to District No. 2, on and after October 1st proximo.

The resolutions, as given in the June proceedings of the Committee, and which were adopted at the meeting of

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS

HELD IN THE ROOMS OF THE PHILADELPHIA ASSOCIATION
OF UNDERWRITERS, NO. 308 WALNUT STREET,
PHILADELPHIA, PA., NOV. 12, 1873.

The Committee met pursuant to notice, Mr. Stephen Crowell in the chair. The roll was called, when the following gentlemen answered to their names :

Messrs. Crowell, Kellogg, Chase, Platt, Baker, Rouse, Smith, Walton, Hendee, and Oakley. Mr. Blagden, of the North British and Mercantile Insurance Company, and Secretary of the National Board, was present in place of Mr. White; also, General Agent Montgomery.

The Minutes of the last meeting of the Committee were then read, corrected, and approved; the Minutes of the Provisional Committee meetings occurring since the last session of the Executive Committee, were also read for information. On motion, the proceedings of the Provisional Committee, as noted in the Minutes, were approved.

In pursuance to action at the last meeting of the Committee, nominations were then made to fill the vacancy in the Executive Committee, as follows: Mr. D. A. Heald of the Home, New York; Mr. A. B. McDonald of the Royal; Mr. A. F. Wilmarth of the Home, New York; and Mr. C. J. Martin of the Home, New York.

The vote was taken by ballot, the Chair appointing Messrs. Walton and Blagden tellers, which resulted in the choice of Chas. J. Martin, of the Home Insurance Company, New York.

On motion, it was resolved that in the absence of any member of the Committee, his Company may be represented by such of its executive officers as it may designate, who shall then be entitled to all of the rights and privileges of the floor.

The Chairman was requested to notify Mr. D. A. Heald, understood to be now in Philadelphia, of the election of Mr. Martin and of the above resolution.

General Agent MONTGOMERY then read his report, which follows :

MR. CHAIRMAN AND GENTLEMEN :

I beg to direct your attention to the work performed by your Supervising Agents, whose labors have been very active since my last report. Each week which has elapsed since their appointment has confirmed the value of their services, and the results of their different visits to Local Boards has in each case been to the advantage of your interests, and in furtherance of the objects sought to be attained in Local Boards. Mr. Davis has visited Syracuse, Rochester, Corning, Montrose, York, Lewistown, Harrisburg, Wilkes Barre, Reading, New Haven, Lawrence, Montpelier, Claremont and Poughkeepsie. At Syracuse, Bath and Rochester, at Montrose, Pennsylvania, New Haven, and at Lawrence, Massachusetts, he attended the trials of members of the Local Boards and I submit herewith his report of the same. At Syracuse and Bath he was furnished with due authority to make examination of Agency Registers, there being reasonable cause of suspicion in the opinion of your Provisional Committee that such cause was needed to trace out delinquencies, as well as to establish harmony among the agencies. The results of these examinations have been beneficial ; and while detecting violations of rates and rules, they have at the same time resulted in establishing the freedom of the innocent from any cause of suspicion. Local jealousies are fruitful of charges against agents, and the only mode in which one can get at the bottom of these difficulties is to make an authoritative examination of agency books. The power thus granted by the Board at its last annual meeting came none too soon, and our interests have been furthered by its exercise. Caution and discretion have accompanied the administration of this power, and your representative

has been welcomed by the loyal agents at all points ; and in some cases the mischievous gossip of years has been dissipated, and the revelations made by your representative have conduced to such a good understanding of the mutual relations of the agents as to leave behind a harmony, at least outwardly, which had been unknown before.

Mr. Peetrey, while visiting St. Louis, Chicago, Milwaukee, Cincinnati, Toledo, Detroit, Columbus, Bay City, Grand Haven, and Richmond, Ind., and other places, has devoted several days at some of these points in aiding State Board Committees. But one place under his supervision has presented reasonable grounds for a formal examination of agency books, and he has just sent in his report of his attention under this authority to affairs at Erie, Pa., and which I submit herewith. He has attended trials at Richmond and Toledo, and I submit herewith the report of his most recent case of the kind, namely, that at Toledo, Ohio. Mr. Peetrey has arranged a tour to some of the Southern Local Boards, and expects to attend the meeting of the Executive Committee of the Southern Association called at Chattanooga on the 18th instant ; and I would ask here from you such instructions touching our operations in the Southern field as may enable him fully to carry out your views.

Your action at the last meeting touching the union of certain of the Western State Boards, has been responded to by the organization of the Central Board, which was consummated at Toledo on the 29th ult. by the election of Mr. S. Lombard of the Phenix, as President, and Mr. C. E. Bliven, of the Howard, as Secretary. The Constitution of the new Board is now laid before you. The only amendment suggested by the Board to your State Board Code of September, '72, is one intended to accommodate on the Executive Committee representatives from the different States embraced within its territorial limits. It was fitting that as the first organization of State and Supervising Agents was had in Ohio, so the new organization, formed in compliance with your wishes, should take place in the same field, and by members who were forward with the first organization. I will here note the passage by the Central Board of a resolution recommending the dissociation of National Board and non-Board Companies in the same hands, and further recommending the National Board to take such steps as may seem proper to this end ; which resolution was referred to a Special Committee, with a view of correspondence with your Committee upon the matter proposed. The Northern Board, it is expected, will be duly organized at an early date. The delay in this case has arisen from the attention of some of the more active members of the State Board interested being directed to making special ratings in Chicago, to be afterwards alluded to.

The Executive Committee of the Ohio State Board, under date of September 27, took action upon your resolution of June 19, referring to them the query whether any of the rates under our December minimum, as applied in the State of Ohio, needed revision, and recommended to

your body a certain modification of the rates on dwellings in that State which are now laid before you.

The Ohio Board some time since put forth Basis Rates and Schedule Rates for deficiencies in sundry of the Special Hazards in their State, which were approved at the last meeting of their Executive Committee on the 29th ult.; and when they receive your ratification they can at once be made applicable to all points in that State. Let me suggest also your consideration of their application to risks in the entire territory covered by the new Central Board. At the meeting of the Ohio Executive Committee referred to, you were "requested to apply the schedule for fixing rates on elevators, as adopted by the Committee of the National Board for Chicago to the several towns in Ohio; provided that the basis rate may be changed or fixed in accordance with the characteristics of the respective towns."

The Committee, in view that Mr. Bliven had served as Secretary of that Board for the past two years without remuneration, passed a resolution "respectfully requesting you to pay Mr. Bliven the sum of five hundred dollars as a remuneration of his services as Secretary of that Board." Mr. Bliven's meritorious services on behalf of the National Board are so well known to you all, that it seems out of place to make here any endorsement of this action of the Ohio Board. When I call your attention to the fact that in the two years of active work which Mr. Bliven has given, that the entire expenses of the Board have only amounted to \$762.99, and to the further fact that by careful attention to details, he has been instrumental in saving to the Companies many hundred dollars in the matter alone of printing local tariffs, it is believed that you will deem that the Ohio Board now prefers a very moderate request.

While your attention is being directed to our interests in the West, your congratulations can be exchanged upon the development of proper ratings in some of the leading Western cities. The schedule ratings of mercantile risks have been completed in Cincinnati, also in Columbus, where they went into operation on the 1st instant. A few days will witness their completion in Dayton, and the work here brings with it as elsewhere the promise of the practical cooperation of local Companies with its workings. The specials in the cities just named will be attended to without delay by the State Board application of their forms before referred to. A schedule has been approved for the city of St. Louis, and as soon as surveys can be made according to it, we shall see that city receiving the benefit of this systematic mode of rating. The schedule for St. Louis is made applicable to Special Hazards, and these will receive attention concurrently with the mercantile risks. A Committee of the Illinois State Board—namely, H. H. Walker, R. J. Smith, and P. P. Heywood—duly authorised, have been busily occupied for some weeks in rating the special risks in and around Chicago, and have accomplished a work which entitles them to the thanks of all interested in Chicago

Underwriting. The results of their labors have been submitted from time to time to your Provisional Committee, and having met with their ratification have gone into effect. The Chicago Board have already entered upon their records the Elevator and Pork House Standard Schedules as prepared by the Committee, with the application of the same to the different risks; also the Committees' ratings on breweries and malt houses; this latter needs yet the usual scheduling before your Provisional Committee feel authorised to pass upon it. I hold some interesting correspondence from members of the Committee and others upon this valuable work, which I am confident will interest you, and if time serves I should be pleased to read it.

Work at Milwaukee of like kind is already planned; the Committee consisting of Messrs. R. J. Smith, Chas. H. Ford, J. O. Wilson and J. S. Harris, and a beginning has already been made. The influence of this work upon our Western business cannot be overestimated.

As President Oakley has recently returned from an extended tour through the West, it is hoped that he will take this opportunity, and give you his personal and official observations upon all he saw during his absence. It is realized that our interests were furthered at every point he visited, and much of the work just referred to was begun under his advice and direction. It is gratifying, too, that he can report encountering a better apprehension existing on all sides of the purposes and objects of the National Board than prevailed, generally, a twelvemonth since. We still must note the existence of many non-board companies, but there are patent signs that the more conservative of these are recognising that their only hope of profit, if not of perpetuity, is in joining heartily our Association.

This office has frequent evidences of the importance of your Committee again reminding agents of the leading rules in the forms for writing policies. The code for the governance of Local Boards contains a concise form for specific policies on Special Hazards as well as other risks, but good will ensue should a further publication of your views be made. Your December Minimum went forth with fresh instructions on this point, and, in the territory it was applicable to, there is less need of a reminder than in the Middle and New England States, particularly in the latter, where the underwriting is so largely on manufacturing risks.

I present herewith a petition from members of the New England Association, asking a further modification of your Resolutions of September 19th last, regarding the use of Gutta Percha or Rubber Cement in Boot and Shoe Factories, praying that instead of the restriction being limited to one pint, it be qualified by granting the privilege of one day's supply.

The Executive Committee of the New England Association send in a request: That in view of the duties devolving upon him in his position that the Secretary be granted a salary of \$2,000 per annum.

Members of the New England Association have put forth a trial schedule on Paper Mills, which has, thus far, worked to advantage. Many Companies are anxious to see it adopted as it is, and probably, with certain modifications, it would be advisable to put it into force. The New York State Board have put forth a trial schedule for Straw Paper Mills, which may prove to be a valuable assistance to your forming a perfect schedule upon the risks in question.

Referring here to the New York State Board, I would call your attention to the work performed by the various Committees of that Board. The application of the State Minimum, approved at your last meeting, has conduced to uniformity in our operations throughout the State. The Erie County Committee have devoted nine weeks to the ratings of Special Hazards in Buffalo and vicinity, thus accomplishing a much needed work. Under the supervision of Mr. J. B. Chaffee, the cities of Auburn, Rome, Syracuse, Schenectady and Lockport have been placed under schedule rating; and, under Mr. Vischer, Binghamton has likewise. Other cities in the State are petitioning for its application. In the cities already attended to, your Provisional Committee have approved the Basis Rate proper for each locality. Reference here is in place to the intention of this office to have on its files a duplicate Survey of every building in all the cities when the system has been put into operation, in order that our members may find here that record of Local Ratings which both their convenience and their right entitle them to. An expression of your views, in the form of a resolution, calling for copies of their Surveys, as made by Local Boards for file in this office, would signify to those bodies your desires in the matter.

Besides the trial Straw Paper Mill Standard the New York Board have issued, they also are experimenting with Standards for Planing Mills and Flour Mills. In view of the "urgent necessity for a thorough and uniform system of rating Special Hazards throughout the State, as well as of the want of uniformity of opinion upon rates of the various District Committees, together with the difficulty of securing the attendance of the members of these Committees, the New York Board send up the recommendation to you of the employment by the National Board of at least two thoroughly competent men to specifically rate the Special Hazards in this State." This is a matter not merely of local urgency and importance. The necessity which arises in this State is equally felt in other portions of the country for some prompt and uniform mode of rating Special Hazards. This office has been applied to for the application of your Standard for Cotton and Woolen Mills on various establishments; and while we have been favored with the services of some experienced raters in these cases, to whom our thanks are due, it must be acknowledged that our work would have been more complete had we one person to rely upon for this duty. And as your Official Standards for various Special Hazards may increase in number, your members will ask of you an authoritative application of them to such risks as they may be or

become interested in, in such cases where the appropriate District Committee cannot furnish promptly any assistance.

The two Executive Committees of the New York and Pennsylvania State Boards met in your rooms on the 4th inst., and united upon a standard for Tanneries, of which they recommend your adoption ; and if it meets your views it can be put into force without delay to all risks of the kind in these two States. This standard is the result of some months' trial of the experimental standard formerly agreed upon by these two Committees.

The New York Board have, in view of the financial disturbances in the country, recommended "a suitable charge on property held in trust for creditors, or in the hands of a United States Marshal or other officer, requiring at the same time the constant presence of a watchman in all such cases."

I have been favored with a letter from a prominent member of the Pennsylvania State Board to one of his companies, calling attention to the Allegheny County Board, formed principally of Pittsburgh Agents, making rates for towns in that county, which should come under the operations of the State Board minimum. It is a proper subject for the consideration of your Committee at this time, as the majority of our members are interested in the business of the locality named.

The recent meeting of the Chief Engineers of the Fire Departments of the cities of the country, held in Baltimore on the 20th ult., was attended on your behalf by Mr. H. H. Hall, of the National Fire Insurance Company, and Mr. M. B. Wilson, of the New York Fire Patrol. The meeting proved a profitable one, and its results will be felt in time. Mr. Hall makes a valuable suggestion which is embodied in a letter under date of October 24 (which I present herewith), to the effect that, in order to secure a more intimate association between local Agents and the Fire Departments of their several cities, you could with effect advise the Local Boards of the desirability of extending to their chief engineers an invitation to attend their meetings, with privilege of the floor, without the right to vote.

The assessment of the Kentucky Insurance Department upon our Companies for its extra expenses has not been complied with by them to any extent, your action of last meeting having had the effect of arousing attention to the irregularity of the charge. I have been favored with some correspondence upon the subject, and which affords us more valuable information. The letters are submitted herewith.

Referring to State Insurance laws, I now lay before you letters from the Secretaries of the Central and Virginia Boards bearing upon the question. The former alludes to the completion in Michigan of the work of the Constitutional Commission, and expresses the fear that sufficient

attention may not have been paid to that portion of the proposed constitution relating to taxation of Insurance capital; and in this connection calls timely notice to the importance of local underwriters, whether State or local Agents, giving close attention to all constitutional changes, as well as to legislative action bearing upon Insurance interests; this Board will, when furnished with your desires upon this important subject, lose no time in calling attention of its members and others to the necessity of diligence in this regard. The latter refers to the action of last winter had in the Virginia Legislature, which, however, proved indefinite, and asks your views as to the best form which legislation upon Insurance should take, and stands prepared to accept any suggestions you may have to make them in reference to their request. Correspondence has come to us showing that a vigorous attempt will be made at the coming Legislature of the State of Georgia to impose a deposit upon foreign Insurance capital. Some of the Chambers of Commerce in the State have already taken steps to petition the Legislature to this end, and appearances are in favor of the supposition that some concerted move is in contemplation by the friends of a deposit law.

The local Board of Houston, Texas, asks a reduction of 25c. from your December minimum for Texas in their favor.

Certain rates in the City of Louisville, placed below December minimum by action of the local Board, under date of March 24, it appears have not yet been restored to the full figures.

We have before us a request from a prominent Baltimore agency for the appointment of a Surveyor to rate certain special risks in their city to which the National Board standards could be applied.

A request comes up from Buffalo for an appropriation from the Incendiary Fund to a person by whose means the conviction and punishment of an incendiary in the City of Buffalo, who was detected in firing certain premises in the month of July last. No reward has been offered in this case, but the case has assumed a local prominence, and appears entitled to your consideration, if the terms of the subscription to the fund warrant it. The rewards offered by your Provisional Committee since the last meeting have been in number, amounting in all to . The whole amount of reward now outstanding is

The first number of the National Board Bulletin has been distributed to our members, and to General, State, and Special Agents. It is trusted that the monthly issue of this paper will afford the means of conveying to our members and friends all information bearing upon the progress of our work, whether general or particular, and be likewise the vehicle of disseminating certain sound principles of underwriting, as conveyed in legal and other decisions, as may prove of great value to its readers.

On motion, the report was accepted, and the points ordered taken up *seriatim*.

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE,

While I shall detain you with a reference here briefly to the few points of interest arising from your November proceedings, I will as briefly call your attention to new matters which have presented themselves in the meanwhile, some of which will require your very attentive consideration, and deliberate action.

Mr. Davis gave early attention under your directions to Local Board matters in Hampden County, Mass., spending several days at Springfield and vicinity; and I lay his reports before you. These are valuable as forming an interesting and very successful chapter in New England Board matters, and the influence of his work there will, I think, be an enduring one, and we can count upon rest and quiet in a Local Board where these elements have been strangers for a long time. It is to be noted with pleasure that your Mr. Smith is made President of that Board, for a permanency I hope. We have now to note that the Boards of Hampden County, Mass., Hartford, Philadelphia and Cleveland, are under the presidency of members of this Committee, and the New York Board under that of your former Chairman.

Affairs in the Local Board at Columbus, Ohio, having assumed an increasingly threatening aspect, your Provisional Committee committed the examination of the matter into Mr. Davis' hands, in order to relieve Mr. Peetrey of what would have been a delicate duty on his part in making such examination into the troubles of a Local Board, of which he was formerly a very prominent member. The final report upon Columbus is not yet submitted; but I have asked Mr. Davis to meet you, at this meeting in order that he might verbally report to you his observations upon two representative points—one in New England and one in the West; and he may be able in this mode to make some suggestions as to future practice in the localities referred to as will greatly facilitate our operations there.

Mr. Peetrey has visited Chattanooga, being there in attendance upon the special meeting on November 18 of the Executive Committee of the Southern Association; Lexington, Ky., where the Local Board assembled to meet him; Chicago, where he passed two days aiding in the formation of the Northern Auxiliary on the 25th and 26th ult.; then on the 2d inst. at Alton, to attend trial of members of the Board, and at Freeport.

It is suggested that your Supervising Agents take the chair at the trials of Local Agents, and preside over the proceedings had thereat. There seems no objection to this, and in one case your representative was asked so to act and with happy results. If it is your pleasure to approve of the suggestion, it can at once be carried out, and the Supervising Agents instructed to present to Local Boards the desirability of their taking the chair at trials of Local Agents; but I would not ask it to be

done as a requirement. By your representatives thus acting, I am well assured that the work on hand would be greatly facilitated, both in point of time and also efficiency.

The usual custom of this office has been, when reports come in from your Supervising Agents, to send them for perusal to the various Companies interested, in preference to our making an abstract of the same. It has appeared to me as if the Companies were entitled to the full report of the facts of the case, but this must be in manuscript as I did not feel authorised to put these reports in print. There would, however, be advantages in doing this; first, for greater convenience of Companies in filing such away; and second, to secure cotemporaneous action if needed from the Companies. It seems to me as if the necessities of the case called for the printing of such, but their issue to be limited strictly to one copy for each Company interested, provided however, if deemed best, that no printing be done unless these Companies interested in any one case number more than three. It appears important that these Companies should have on hand the means for future reference as to any local troubles in which their agency had an interest.

Your Supervising Agents have already taken in hand a compliance with your resolution to "make the acquaintance of the chief engineers of the towns they may visit and report on the efficiency of the Fire Departments;" and reports from Springfield, Mass., and Lexington, Ky., are already filed.

Referring to your resolution "that Local Boards be directed to appoint Standing Committees to examine into the condition of their Fire Departments and the water supply of their respective localities, and to endeavor to have needed improvements made therein," it gives me pleasure to present Mr. E. W. Crowell's suggestion in his letter of November 20, that in addition thereto, the Local Board be requested to make report on the same to this office.

There is much interesting correspondence received in response to your resolutions or propositions upon the co-insurance and the average clause; and the three-fourth's clause, with compensatory reductions in premium should such be approved by assured, which is now laid before you.

A meeting of the members of the New York, Pennsylvania, and New Jersey State Board was held in these rooms on the 5th in response to your resolution calling for the formation of what was termed the Atlantic Auxiliary. The deliberations of these gentlemen resulted in the adoption of resolutions covering an expression of their wishes that in view of the apparent unanimity of sentiment among all the members present, the also apparent impracticability of their attending to a common work in different States which presented characteristics quite divergent, your Committee would take into reconsideration such a measure; and should your final determination be still in the same direction, they would respond *without further delay*.

The first response—so far as we are advised—to your resolution directing that the Surveyor of a Local Board should also act as Secretary, and that no salary should be attached to the office of Secretary, was made by the St. Louis Board on the 1st inst., when Mr. Aubin, the Surveyor, received the appointment of Secretary.

The schedule rating of the cities in New York State has been stopped by your Provisional Committee for reasons that to them seemed very cogent. The apparent defects which have come up to our notice, it would seem, are chargeable to the application of the system rather than to the system itself. As this is the case, the irregularities now brought to view are readily under control. In order to have an intelligent examination of the surveys already made arrangements were about being entered into temporarily to secure the services of an expert to visit the different towns in the States where the system had been applied. But this was not consummated. In the meantime we have made a comparison of these rates with those formerly prevailing, and we find results in the aggregate which show an average adequate rate. Taking the basis of the 1872 tariff in Broome Co., without any Boston advance (so called) added thereto, we find the following results: Of 460 risks given in the tariff 311 show an average advance of $31\frac{1}{2}$ per cent., 90 remain unchanged, and 59 show an average reduction of $18\frac{1}{2}$ per cent. Of Syracuse we have not sufficient surveys in yet to make a definite comparison. While some risks exhibit a great apparent discrepancy with those made last winter, we cannot lose sight of the fact that in many cases the owner of a building, recognising that this system induced him to do so, at once proceeded to make such improvements as to secure the minimum figures under the schedule, which specific rating had not offered him enough consideration to do. Again, it must be noted that more risks have figured up much higher than before, and it is upon these the Non Board companies are most successfully operating. If the schedule recognises the various deficiencies therein, are our Companies not much better off without them, unless they get the required rate? I must record here the impression left by the correspondence with this office as to the action of some of the Local Agents in the localities referred to, and that is, there was a certain regret and disappointment on their part that your Committee did not grant their petition to throw off the 30 per cent. advance at once; and to meet their request the scheduling was offered them. But the same did not appear welcome in all cases.

In this connection it would be well to call to mind the fact that in many localities the advance of 30 per cent. required by the National Board meeting of November, 1872, was applied by District Committees upon local tariffs which the Local Agents already had proceeded to put a percentage advance upon, the Committees taking the requirement in letter rather than in spirit. For instance, taking the May, 1872, tariffs, as the basis of operations, in some localities the Agents advanced from 10 to 15 or 20 per cent. of their own motion; but the advance of 30 per cent. was

applied to these as well as to those places which had made no local advance whatever. Thus, practically, the former have been showing a higher per-centage of advance than the latter. To ascertain this definitely, in order that you can act intelligently when called upon, some personal examination can be made by your representative, who could by a brief visit to each important place, ascertain wherein your interests would be furthered by more prompt action on your part.—This allusion here may have a possible connection with a subject hereafter to be referred to.

A petition from the Buffalo Board is presented herewith, requesting your consideration of a reduction of the basis rate under the schedule in that city, now fixed at 65 cents, in view of the fact that no other city in the State under that system is rated higher than 50 cents. They bring in support of their appeal some weather statistics denying the force of the reputed Buffalo winds, showing some curious and novel deductions.

A like petition from the Rochester Board asks for a reconsideration of the present advance on their tariff.

An appeal from the Milwaukee Board is referred also to you for your consideration, bearing on the question of your granting them an allowance in the rating of certain risks within their territory. I regret to inform you that the Committee announced to your last meeting, as beginning the rating of the Specials in that city, have, from their different individual engagements, been unable to carry on their work, and the rating there still remains as at last report.

From Chicago I have nothing official to report as to further establishment of rates in special hazards; and I am informed no action has been had upon the lumber rate proposed by the State Board Committee, Messrs. Smith, Walker, and Heywood, and approved by your Provisional Committee on October 31.

The Louisville Board ask that distilleries with metal roofs be allowed a reduction in rate.

A request comes from the West that you promulgate as a standard charge for exposures the scale of charges put forth by your Committee September 5, 1872. There is a want of some standard felt in this matter, and it may not be well altogether to leave the decision of proper charges to different State Board Committees, composed of gentlemen whose views very often are wide apart in this matter.

Reference was made to your Provisional Committee of the want of a proper classification of "those mechanical risks which, by the nature of their business, are entitled to run all night." This Committee, feeling that they wanted to have more fully the views of the Companies on the matter, authorised a circular letter of request for their views to be sent to them; and I present herewith the correspondence resulting therefrom, and a tabulated statement of these replies. One suggestion is presented that your Committee make a list of such mechanical risks which do *not require* to be run all night.

Agreeably to the terms of a resolution of your last meeting, I compiled a list of all the rules and regulations of the National Board, the same never having been codified before. As these were primarily designed for the information of the members of your Committee, only a certain number of proof copies were distributed them. It was thought that you might desire to amend or alter some, as there stated, and to specially affirm or reject any particular rule. It will be noted that the rule bearing on a proper division of the parts of any mechanical risk is not of general establishment, inasmuch as that part of the United States east of Ohio is only covered by the Local Board code of September, 1872; and *technically* where that is not adopted there can be considered no rule as binding. The custom of securing the division referred to is now so well established, however, that a new and general rule upon the subject is now in place, and would be of easy application.

The Special Committee to whom was referred the matter of the consideration of the Kentucky Commissioners' assessment, appointed at your last meeting, have united in a report, which is presented herewith, recommending the payment by the Companies of the amounts assessed upon them, under protest, however, not so much in the hopes of being repaid, but rather as a testimony on their part against the injustice of the law which enables the Commissioners to impose such an assessment. The Governor of the State, in his message on the 3d inst., recommended to the Legislature in his message the imposition upon Insurance Companies doing business in the State of a deposit to cover all possible assessments that might be called for during the year by the Insurance Department. This is a note of warning which our Companies would do well to heed, and an indication that they will have yet to select the field where they will stand together and contest such an unjust and inequitable charge. It has been reserved for the authorities of Kentucky to assert this principle, that while Insurance Companies should of right contribute to the revenue of the State, they should in addition pay for the machinery for the collection of the same. This is a novel principle in taxation for revenue, that the subject should also be required to support the machinery of collection. If Insurance capital admits the principle, which it practically does should it submit without contest, then other interests must feel its application in time. Insurance interests, as the matter stands now, unfortunately have the burden of contest thrown upon them.

A local contest has arisen in this State among the Agents of a town in Jefferson County as to Local Board organization, which it was thought would not demand the attention of your Committee. The Agents at the town of Adams formed a Board, and subsequently the Agents in the rest of the county formed what they styled the "County Board," with the head-quarters at Watertown. This state of affairs was affirmed by a Committee of the State Board in August, 1872; but three months subsequently a Committee of the State Board, under the belief they were carrying out the spirit of the resolution of their Board encouraging the formation of

County Boards, made an endeavor to have all the Agents in the county become members of the Jefferson County organization, and so notified them. This office gave its support to this measure, believing the measure was one of good intent, and of a practical bearing. We so wrote Mr. Huntingdon, the late Secretary, in February, 1873, of this affirmation on our part, and courteously requested his attention to the matter accordingly; and receiving no response thereto, we naturally supposed our notice had been acted on. On October 6, 1873, these gentlemen at Adams proceeded to their annual election of officers, notwithstanding our letter of February, and formally notified us of their proceedings, to which I responded by return mail, directing their attention to our previous letter, but to this they made no response whatever. The agents there received instructions from their Companies to put in an appearance at the county meeting on November 11, but failed to do so with but one exception. While personally inconvenient, doubtless, to many of them to do so, I was prepared to receive on their behalf some proposition looking to an accommodation of them in this regard; but the fact of their verbal statements that they would sooner lose their Companies than join the County Board, coupled with their seeming disregard of the correspondence from this office, would seem to leave no alternative but for our Companies to take these gentlemen at their word, and make a change of their agencies. It now remains with your Committee to make a decision in the matter.

Since the last meeting, your Provisional Committee have made offers of five different rewards, amounting in all to \$3,750.00. The total amount of rewards now outstanding is \$35,050.00.

I have to report the formation of the Northern Auxiliary to the National Board at Chicago on November 25 ult., by the election of P. P. Heywood as President, and George E. Redfield as Secretary. Messrs. Geo. W. Hayes, E. S. Page, W. E. Clifford, W. W. Dudley and J. L. Holden were elected the Executive Committee.

On motion, the report was accepted, its subjects to be taken up *seriatim* for action as might be required.

The GENERAL AGENT stated that he would first ask the attention of the Committee to a letter received from the Home Insurance Company, of New York, which he read as follows :

NEW YORK, 1st December, 1873.

T. H. MONTGOMERY, Esq.,
General Agent Nat. Board.

Dear Sir : The action of the Executive Committee of the National Board, November 21, 1872, in authorising State Boards, through their District Committees, to revise the rates adopted by Local Boards, does

not seem to have produced the satisfactory results anticipated at that time, so far at least as New England and the States of New York and Pennsylvania are concerned. Correspondence with our agents in the territory named has developed the fact that, in very many instances the District Committees have taken the matter of rating *entirely* out of the hands of the Local Boards, ignoring the latter completely, and, claiming for themselves dictatorial authority, have presumed to assert that no appeal from their decisions to the National Board would be of any avail, for that body would sustain them, if only for the reason that they were its representatives. This arbitrary method of carrying out the leading object for the accomplishment of which the National Board was brought into existence, viz., the establishment of a reasonable and remunerative standard of rates, is utterly at variance with the views of many of those who established the Board in 1866, and who also re-organized it in the Spring of 1872. The language of the circular of the Executive Committee, bearing date of August 15, 1866, is unmistakably clear in support of this assertion, and we quote from it as follows, viz: "The National Board, as such, does not propose to fix or establish rates in the different localities, but only to *aid* and *advise* in cases where such aid and advice may seem to be desired." The same principle of non-interference by the National Board in local rating was the main plank in the platform on which the Board was re-established in 1872. Indeed the importance of adhering firmly to this line of policy seems to have been strongly impressed upon your own mind, for, but a little more than a year since, you placed on record the declaration—"I will never consent to taking from the local agent the power to form his tariff." At the same time you asserted your opposition to a "central rating power," as well as to a "general roving rating power." In certain cases, State Boards have authorised individual agents to do the rating in their respective localities, independently of the Local Boards, and such marked favoritism, for which we fail to find any justifiable excuse, by exciting, as might have been expected, dissatisfaction in the minds of their less-favored brethren, has led to serious complications. Extended comment on this subject is, perhaps, unnecessary.

As already stated, the object of the National Board is to secure to the Companies a fair compensation for the liability they assume; but the proper method for accomplishing this desired result, without making our organization obnoxious to the public or forcing the best part of our business into the hands of the numerous non-board companies, and thus enriching these hostile concerns at our expense, is a matter deserving of more than a passing notice. We must not overlook the fact that the success of the National Board depends in a large degree upon the active co-operation of the agents. To secure such co-operation we must enlist their sympathies and satisfy them that their interests are identical with ours. Much has been accomplished in this regard, and we do not think at any period, prior to the Chicago fire, agents were so earnest in carrying out the views of the National Board Companies, as they have been since.

that event up to within a few months of the present time. Their zeal in executing the wishes of their Companies has been considered worthy of notice by State Board authorities in their reports to the National Board, and the testimony thus voluntarily given may not be out of place here. Secretary Bliven, of the (late) Ohio State Board, says: "Local agents, realizing that an earnest effort was being made, gave it their co-operation and support. To their good will, much of whatever success we had is due."

Secretary Woodworth, of the New York State Board, in describing the effect of his circular of July 24, 1872, informing Local Boards that they were expected to fix their own rates, says: "Local Boards were rapidly organized and increased rates obtained. It is due to the local agents to state that the great mass of them responded cheerfully and energetically with but few exceptions, when compared with the number doing business in the State aggregating hundreds."

The Secretary of the Underwriters' Association of the South reports: "We are happy to say that throughout the entire territory we have, as yet, no agent who has refused to cheerfully comply with all rules, regulations and rates established by the National Board through the Underwriters' Association of the South. Where rates were under those established, they have, in all cases been promptly brought up to the standard; and I apprehend we will have but little difficulty in securing the full co-operation of all agents and Companies in carrying out all regulations established by the National Board."

The record the agents have made for themselves, we think justifies us in regarding them as the appropriate instruments for putting into effect the views of their Companies so far as relates to the details of rating.

They are the forces upon which we must depend very largely for success, and any influences that may tend to weaken their effectiveness should be resisted.

Agents generally will be found to be men of talents and experience, whose opinions are worthy of a high degree of consideration, and who, we think, from their intimate acquaintance with the property and people of their several localities, can, with certain restrictions, and under the general direction of competent supervisors *wholly in the employ of the National Board*, be safely entrusted with the rating of their respective towns. We do not believe in enforcing the present policy of the National Board which tends to reduce Local Boards to the rank of mere automata.

Such a policy is exceedingly discouraging and demoralizing in its results, and has the effect of exciting a feeling of antagonism on the part of the agents towards the National Board, which, we fear, will lead many of them to transfer their allegiance to Companies outside of the Board. *Only those who have been agents, or who have mingled freely with them,*

know what energy is required to push forward the business, especially on an advanced scale of premiums, and, in these times, we cannot afford to dampen the ardor of our auxiliaries by ignoring them entirely, for it is easy to perceive that, by pursuing such a line of conduct, our business would become less in quantity and poorer in quality.

The system of employing District Committees to make rates is largely responsible for the existing dissatisfaction in the minds of agents. The arbitrary manner in which they have over-ridden the Local Boards has aroused a vast amount of prejudice on the part of some of our best men, besides producing a most unfavorable impression on the public mind against our Board organization, which cannot easily be removed. The Committees have too frequently overlooked the fact that there is such a thing as human nature, and that it will not answer to treat with contempt the opinions of experienced agents in whose judgment their Companies have always had confidence.

They have pursued a course the inevitable result of which, if persisted in, will be to break up the Local Boards, and destroy the fruit of our past efforts. In many places rates have been advanced to such a point that a very large share of the business is lost to the Board Companies, which they would have secured if only a reasonable advance had been required. We fear the repetition of the unfortunate experiences of 1869 and 1870.

Now, as in 1869, Agents are seeking to obtain Companies not in the Board, and low rates are advertised by non-board institutions whose solvency we cannot deny. The competition from outside Companies is becoming so strong that soon we fear it cannot be resisted, and unless the National Board changes its present tactics, and is disposed to rest content with a moderate average of success, we shall have the most serious apprehensions as to the future. What is necessary, is less friction and more harmony and good feeling in the relations sustained by the National Board to the Local Boards. The machinery does not work smoothly, because there is so much of it. There is too much legislation, too much red-tape—too many exactions are imposed—and we fear that the disposition which seems to exist in the minds of some to bring the Fire Insurance interest, Companies as well as Agents, under the dictation and control of a central authority, contrary to the principles on which the National Board was established, if carried into effect, will result most disastrously to the organization.

These are general remarks which we have been led to make from a settled conviction, growing out of our experiences of the past few months, that the adoption of a more liberal policy on the part of the National Board is a matter of imperative necessity at the present time, and if the views we have expressed are deemed by you worthy of presentation to the Provisional Committee, we shall be pleased to have you place them before that body for its consideration.

Trusting that the future action of the National Board will be of such a character as to inspire with fresh confidence in its influence those who have the deepest interest in the success of the objects it seeks to accomplish, and extending to you, personally, assurances of our regard.

We are, very truly yours,

A. F. WILLMARTH,
Vice-President.

The CHAIR said that General Agent Montgomery had prepared a reply to the communication from the Home, which, on request, was also read. It is as follows :

New York, *December 11, 1873.*

A. F. WILLMARTH, Esq.,
V. P. Home Insurance Co.

DEAR SIR,

Referring to my respects of the 1st inst., written in acknowledgment of your favor of that date, I now beg to say that I availed myself of the first meeting of the Executive Committee held since, and which occurred this day, to lay the same before the members, in order that they should have your views at length upon the various topics in which we all share a like interest, and which the Committee instruct me to thank you for favoring them with.

I am desired by them to reply to your communication, and to convey to you the views held by them on the different topics presented in your communication ; and these views, it will be found, coincide fully with yours on all the material features, although from our standpoint we may approach their consideration somewhat differently.

Permit me in the outset to call your attention to the fact that the order you refer to authorising State Boards, through their District Committees, to revise the rates adopted by Local Boards, of November 21, 1872, was not the action of the Executive Committee, but that of the National Board, at its Special Meeting held on that date. While you are right in stating that this does not appear to have produced the satisfactory results anticipated at that time, we will go further than you, as we think the application of the rule has exhibited somewhat similar results in the Western States as it has in the Middle or New England States, to which two sections alone you refer. But this is not caused by the resolution of the National Board above referred to in itself so much as it is by the practical impossibility of the Board, or its Executive Committee, selecting the Committees in all cases ; and yet, in the absence of its own appointees for the work in hand, the emergencies of the times appeared to demand that we avail ourselves of such instrumentality as State Boards gave us to secure a prompt, and, if possible, a uniform rating. If any of these

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Committees interpreted the authority to "revise" as a command to *dictate* it was our misfortune in being represented in certain localities by gentlemen who had no apprehension whatever of the spirit of the rule referred to, or perhaps little courtesy with which to handle local views, and perhaps prejudices. The apprehension of the increase of the evil in this direction, as exhibited at some few points, called forth an expression of opinion from the Executive Committee at their meeting of June 19, in the following words:

"*Resolved*, That, wherever practicable, the rating and revision of rates of different towns and villages shall be done by the District Committees in connection with the Local Boards."

The position of this office has been emphatically the same with that you hold, confirmation of which is found in our letter of July 11 last to you, to the effect that the Local Agent must have a voice in the proposed ratings before they become formally operative. Let me here quote from that letter:

"The practice has been that we await the action of the Local Board in putting in force, in their respective localities, the rates adopted by us or by State Associations. Agreeably to which our ruling is that, until further advised, Companies can only be held to Local Board tariffs; provided, that after appropriate Committees have applied our minimum in any localities, and the Local Boards therein delay or decline to put such in force, our Companies are under obligations to secure from their agents an adherence to the same."

This view, I believe, I have always maintained when in conversation with you, and when the subject came up for formal consideration by our Committee, it was found they were of the same mind. It is only necessary to allude to the criticisms which have been made upon this ruling to show that it encountered some of the same feelings which may have prompted injudicious action by some of the District Committees, when acting under the presumption that they were masters of the situation, and not ambassadors of a great national organization. The first public recognition yet had of the principles of the letter referred to, are found in the recent declaration put forth by the Hampden Co. (Mass.) Board, in their circular of November 26, where they state—"All rates to be valid, must be concurred in by the District Committee and the Local Board."

I will here refer to the honor you have done me to quote some of my words, uttered more than a year since, upon the subject of local ratings being made by the local agent, which were true words, and in place at that time, as were also the declarations of Secretaries Woodworth, Bliven and Boyd, which you quote and which were also *made prior to the Boston fire*. The Executive Committee then were trying to carry out in letter and in spirit the declarations of the National Board on the subject; but the National Board took a bold step forward at its special meeting in November which left the Executive Committee no option but to try and

secure such uniformity, and such advances in rates as would build up the Companies and save them from utter bankruptcy in the event of another great conflagration. We beheld as the first-fruits of that meeting the union of certain of our leading Companies upon a common tariff for our great Western Empire, in the formation of which, I venture to affirm, not a single local agent was consulted. The Executive Committee, it is true, adopted this tariff as its own, and gladly too, feeling assured that it would best serve the orders of the November special meeting to take as its own a tariff which was the result of conferences of the leading fire underwriters in that field. If this was a practical departure from the declarations of the past, the National Board, as such, was not the first to take the step. That the Executive Committee in acting thus fulfilled its duty, was evidenced in April last by the Annual Meeting continuing it in office for another twelve months. That the success of the National Board must depend in a large degree upon the active co-operation of the agents, is an axiom on which there can really be no difference of opinion among any of our members, and to secure such we must enlist their sympathies and satisfy them that their interests are largely bound up with the Companies. To say that their interests are identical with the Companies would call forth very different views upon this statement, for so long as the agents are compensated by a gross commission upon premium receipts, it would not be safe to affirm their interests were entirely in common with that of the Companies.

Of course this is a general view of the case, for there are particular and notable exceptions in the army of agents, and these look on carefully and conscientiously at a risk as the Manager of a Company may do.

Again no one can deny that the agents are the appropriate instruments for putting into effect the views of their Companies, so far as relates to the details of ratings, and I may add also of proper forms of policies; and they are equally the forces upon which we must depend largely for success. But we must not overlook the serious fact that while the views of our Companies are often wide apart, and their practices quite divergent, how can the agents in any one locality unite upon common rates and common practices, unless these Companies are first agreed among themselves, and how can these Companies reach an agreement unless they unitedly send a representative to establish matters upon a sound basis, which, if the local agent does not see the wisdom or practicability of, an antagonism is necessarily produced.

Agents will frequently be found men of talents and experience, men who would indeed adorn the management of any Company, but it must be observed these talents have been developed in a limited field, and their experience is mainly local. It is true that their intimate acquaintance with the property and people of their several localities gives them an experience which is invaluable, but it is this familiarity often with home *objects that blinds* one to their possible defects. However, your suggestion

that with certain restrictions, and under the general direction of competent supervisors, they can safely be entrusted with the rating of their respective towns, must be concurred in by all.

It was anticipatory of this suggestion that the National Board fostered our District Committees, believing that in them we should always find competent supervisors.

While I cannot speak on this point for the Committee, I feel free to say that, in my opinion, they will welcome the suggestion of the appointment of competent supervisors wholly in the employ of the National Board.

I may here safely add that were all Companies as favored as you in being represented by competent and experienced agents in those localities in which your business is extended, there would have occurred less friction, and less need would there have been of machinery in our operations. But when you consider the fact that our Companies have a representation in these United States of Ten Thousand agents, you can realize that we cannot find in a large number of them those talents and that experience which would call from us an entire reliance upon them to carry out promptly our views. I say "our views," speaking collectively for the Companies as we, in this office, can, have only representative views.

While the arbitrary manner in which some District Committees have overridden Local Boards, has worked harm to our cause and loss to our Companies, I must here record my belief that the evil is not so great in comparison as it may appear. We take but little note of the pacific and enduring work of a large number of the Committees, and are sure to hear—and quickly—of all the rough work they may either encounter or provoke. In localities where some of the best men of the field have been on our behalf, men of wisdom and discretion, and some of your own representatives. I can name in this connection, we yet see these causes of discouragement, indeed of antagonism, which cannot be laid to the door of the Committees. We see these causes rather in their unity of purpose in adherence to a fixed tariff by the Companies, so fixed that there are towns in the West in which our Companies would prefer to lose all their business rather than concede any reduction of rate for any peculiar local advantages of construction of buildings, of Fire Departments, or Water Supply. The best Committee work has been done in the West, yet there we find as much, if not more discouragement, so to speak, than elsewhere, and there we find the Non-Board Companies developing the greatest apparent success. This is a fact we must not lose sight of. Turning to New England, the complaint that comes up to us is rather of low rates, for there are entire counties and districts which have not been visited by Committees. In our own State we are under obligations to the State Organization for the good work they have accomplished in many localities, the fruits of which our Companies are reaping in a better adjusted system of rating than previously prevailed.

In conclusion, I share with you the feeling that a disastrous result would follow the disposition, if carried out, to centralize matters and to bring Companies as well as Agents under the dictation and control of a Central authority. I see no evidence of this myself, however. It may appear so to outsiders, but it is not so in fact, or, I may add, in thought even. Every organization, possessed of a common spirit and aim, must have a central point of action and observation, even at the risk of being charged, by those not of us, with being a "Central Authority," as those not in sympathy with our organization are prone to do.

The future action of the National Board is in the hands of its members. If it has been of service to them they will serve it by perpetuating and strengthening the ties that bind its members. What a noble subject for consideration is it that a body of professional men, the custodians of millions of capital—the under-writers, in fact, of the capital of the country—should show to the community such a strong association, which yet, indeed, is purely voluntary. Its rewards, its members share; and pains and penalties it has none.

Your firm attachment to National Board principles, and your earnest support of its plans and work, induces the hope that you will excuse this long reply to your favor, as it has been dictated by the same motives of interest in our organization which called that forth.

Believe me, with much respect,

Yours very truly,

THOS. H. MONTGOMERY,

General Agent N.B.

The reply being approved, both letters were ordered printed in the minutes.

A discussion ensued on the general policy of the Board, and with regard to the adoption of measures promotive of the best interest of its Companies.

The following resolution, offered by Mr. Platt, and seconded by Mr. Heald, was then adopted :

Resolved, That competent persons, not connected with any Company, be employed by this Committee until the next meeting of the National Board, for service in the First District, whose business shall be the visitation of Local Boards, for the purpose of harmonizing existing difficulties, if such should be; the revision, in connection with Local Agents, of tariffs which may be defective, and generally to be clothed with power

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS

HELD AT THE ROOMS OF THE COMMITTEE, No. 156 BROADWAY,
NEW YORK, JANUARY 29TH AND 30TH, 1874.

The Committee met at eleven o'clock, A. M., pursuant to notice.

The following members were present on the calling of the roll: The Chairman, Mr. Stephen Crowell, and Messrs. Chase, Platt, Baker, Smith, Walton, Oakley, and Hendee. Subsequently Messrs. White, Kellogg, Rouse, and D. A. Heald (in place of Mr. Martin) entered. Mr. Garrigue, President of the Germania, as ex-Chairman of the Committee, was present; also, General Agent Montgomery. Letter presented from Mr. Bigelow, regretting his absence.

The Minutes of the special meeting to consider the matter of Legislation and Taxation, held December 19th last, were read and approved.

The GENERAL AGENT then read his report, which follows:

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE :

First in order appears to be a report of the work of your Supervising Agents who, since your last meeting, have made sundry examinations into local water supply and fire departments as bearing on the question of rates, which have proved of much interest, and their reports are now before you. Besides these matters, their attention was directed to sundry complaints coming from Local Boards, arising from the want of good faith on one hand, and the lack of harmony on the other. Mr. Davis has visited Poughkeepsie, Rochester, Buffalo, Olean, Hornellsville, Elmira, Williamsport, Scranton, Washington City and Columbus, Ohio; at Rochester and Buffalo each passing some days in the examination alluded to above, and which will be referred to alone. Mr. Peetrey has visited various points in Ohio, was at Evansville, Terre Haute, Chicago, Alton, Freeport, Kansas City, Leavenworth, St. Paul, Minneapolis, East Saginaw, Grand Rapids and Toledo, at the last place being detained some days in examination of agency books. The report of his attendance at the trial of a member of the Leavenworth Board, was approved by your Provisional Committee; but I am directed to lay before you to-day an appeal from some of the Companies represented in other Agencies in that Board, asking your review of such action had by the Provisional Committee.

It has been suggested by a member of your Committee that authority be given your Supervising Agents to order the correction of all Policies written below established rates, when such are detected in any agency visited by them. It must be admitted that the lack of some such power has been felt; your representative, when discovering any violation of rate, making report of the same through this office to the Company, which would, in its turn, rely on the oft dilatory channel of correspondence to procure from its agent such correction as was needed. In the case of an agency where many Companies were represented, some power like that referred to seems certainly needed to secure prompt and united correction of any cut rates in the agency's registers.

Your Provisional Committee's minutes will show action had by them on the various reports of your representatives, on Local Board troubles and other matters.

The Leavenworth case is before you in the accompanying papers. Without desiring in the least to anticipate what may be replied to the papers when read, I will merely say, that the accused party is represented as having been before his Board five times, when your Committee or this office had no knowledge whatever of this fact. Once during last summer the accused was presented for trial, but the case never went beyond the State Board, and the Local Board finally condoned the offence of the accused. This last time he was presented on two charges, but one of which was proven. Your Committee voted the imposition upon him of a fine of \$25, with an intimation that any subsequent trial would result in his losing his Companies. This fine has been paid by the accused, but

members of the Board deem the punishment too slight for the offence, and have appealed to their Companies.

A case having arisen in the City of Washington where a board firm, consisting of brothers, representing both Board and non-board Companies, had dissolved, the one brother retaining the Board Companies, and the non-board Companies retained by the other, but both continuing in the same office; representations were made to your Committee of such a character as to the harm it was doing our interests in that city, that the Provisional Committee voted to request the two Companies, our members, in the agency, to secure such office severance of the two parties referred to, as our interests in that city appeared to call for. The Companies rather questioned the power of the Committee to make such request, unless a business connection would be established between the late partners. This is a question beyond local significance, however. There are many points in the country where certain agencies stand ready to dissolve, one member taking his Board Companies and the other the non-board Companies. An expression of opinion of your Committee on this subject would be of value, as indicating to the Provisional Committee what action should be pursued should new cases be presented them.

The Pennsylvania State Board held its annual meeting on the 20th inst. An amendment to their Constitution needs your approval, namely, to the effect that the Executive Committee shall consist of four members, and the Vice-President shall be *ex-officio* member of the same. A resolution was passed requesting your Committee to attach the southern part of New Jersey to the Board, also the State of Delaware. And, also, one asking your Committee to furnish the Board a Special Agent for Pennsylvania, Southern New Jersey and Delaware. I note in the concluding remarks of the President in his annual address, when he refers to certain instrumentalities he hopes the Board will secure, the following: "With such aids during the coming year, I think we might with safety at its close ask the National Board to relieve us then of our organization and assume direct authority over the field."

The New Jersey State Board held its annual meeting on the 21st inst., and elected officers and arranged work for the ensuing year. Your Provisional Committee had sent the Secretary a communication advising him that the National Board declines to make any appropriation for the expenses of that Board for the current year.

A call was issued for a meeting of the New York State Board on the 7th inst., notwithstanding your resolution of December 19th, declaring it inexpedient to do so. Happily there was no quorum present, and, hence, no meeting.

The Secretary of the New England Association has tendered his resignation, which has been accepted by the Executive Committee of that body. We have no advices as to the appointment of any one to fill the vacancy.

The President of the National Insurance Company of Baltimore, returns his premiums for 1873, upon which shall be based his contribution to the National Board for the current year, but advises us he has left the Local Board, and expresses the hope this will not prevent him continuing his interest as a member in the workings of the National Board.

Before proceeding to ask your consideration of certain requests of modification or reduction of rates, I beg to claim your attention to the necessity which lies upon all our Companies alike, to fully abide by such construction of ratings as may be established and formally approved. I have found recently one or two cases where this necessary rule has not been strictly adhered to; but correction has been had after proper application has been made to the Company. Rates are made with or without certain privileges; it is quite clear that no Company can, in justice to its obligations to the brethren, interpret those rules of themselves without first seeking the proper authoritative interpretation of them. Companies may not be aware of the force of the actions here indicated; but a few minutes reflection will show that if one can act upon individual interpretation, then others will claim the same privilege, and once recognize this power, then the next step is an easy one, to give individual interpretation to rules. In fact, a rule is part of the rate. Companies should in every case appeal to this office for correct information on these points, and if we have it not already we will procure it for them, and also will take such steps as may be required to secure the correction of any error that is charged as having occurred in the rating or the ruling.

Mr. Davis' report on Rochester covers a careful examination into the merits of the application made by the Local Board for some concession of rate, on account of the establishment of the new system of water works (Holly), which he describes fully. The advance of 20 per cent. on mercantile and 30 per cent. on specials, in December, 1872, were made upon a local tariff already advanced beyond the figures attained by most of the Boards in this State. With the new water works, which it is understood are at this time in full and successful operation, it would appear to be prudent, as well as safe, to grant the concession asked off this December advance. The 30 per cent. advance on specials appears to work unevenly, and some modification of this can be granted; but the better plan would be to have a Committee of the State Board to assist Mr. Angevine in specifically rating such, subject to approval of your Committee. It is suggested also that the additional 10c prescribed on what are termed outside risks, i. e., where small stores have been introduced into dwellings, the business risk adds now 60c to the dwelling rate, when it may be 50c., is a sufficient advance.

The report on Buffalo is also an interesting one, and portions of this, as well as that on Rochester, it is intended to insert in the "Monthly Bulletin." The Board here appeals that their basis rate, now 65c under the schedule system as adopted by that Board, be made 50c. But to

make this less than 55c. would not be a prudent concession. It is also suggested in the report now before you that Surveyor Churchill be empowered to use his discretion in increasing the rates of any property where he is of the opinion that the schedule, after this reduction, does not bring the rate up to a right standard. But it would appear that under the item in the schedule, "Inherent Hazard," he has a certain latitude in which to exercise his judgment, and apply an equitable charge for the same.

The report of a Committee of the New York State Board is before you, asking your attention to the apparent necessity of an early re-rating of the city of Elmira. It appears that the Local Board, after the Chicago fire, adopted the tariff of 1867, and in February last added 30 per cent. to this, making the city, perhaps, the highest rated in the State. The present tariff makes the rate higher on building than on stock; and it would be the view of the Committee to make a change in this respect, and it is proposed by them to start on a basis of 1 per cent. or 1.10 for the best risks, and build a tariff upon that. Mr. Davis gave this matter some attention when in Elmira a fortnight since, and fully concurs in the recommendations of the Committee. If it is your desire this wish should be attended to at this time, these gentlemen are prepared on a few days' notice to proceed to the work of revising the tariff on the basis as suggested by them. To make a concession in the rates here now, before the citizens become urgent in the matter; would be a judicious act, and would really benefit the interests of the Companies.

Lockport and Rome need your attention at this time, and, under all circumstances, it would appear that to enforce the schedule rates already completed, would be welcomed by both companies and agents.

The Williamsport Board recently petitioned for sundry changes in their tariff, their letter being laid before you at your last meeting. We have Mr. Davis' report thereon. He recommends a concurrence in their request that the Pennsylvania rule of charging $2\frac{1}{2}$ annual premiums for a three year Policy, and 4 annual premiums for a five year Policy, be waived. so far at least as dwellings are concerned. Inasmuch as all the ordinary dwellings are rated at 50c., it would appear that the former system, on which, in fact, the local tariff was at first made, would bring the usual term policies up to the prevailing figure in most localities on that class of risk.

Appeals of an urgent character are coming in from many Western cities, asking for a reduction in rate on account of new water facilities and other municipal improvements and regulations. It was difficult to account for the urgency at some noted points where experience had been quite disastrous, until the apprehension came before us that many local agents, in some instances, had excused the December figures on the ground of local deficiencies in water supply, and, when these deficiencies were overcome, then the citizens naturally claimed reduction in rates. The present struggle, in such cases, could have been averted,

doubtless, had more discretion been exercised in the first application of the rates.

Grand Rapids, Michigan, has, in various ways and through several channels, sent up to this office an amount of correspondence that would make a volume, asking for some modification of the local tariff. The matter was referred to Mr. Peetrey for his examination and report, and the latter is now before you; he having visited that place on the 20th inst. The Water Supply is not yet adequate to the wants of the place, although the designs of the authorities are full of promise of an early completion of a good system. Nor is the Fire Department up to the standard. In the light of the past experience of our Underwriters in Grand Rapids, and with the present incomplete system of Water Supply and Fire Department, a recommendation for any concession of rate cannot be made. This city is the second in size in the State, and has a population of over 20,000.

Mr. Peetrey also visited East Saginaw on a like errand, and his report is submitted herewith. The Holly system has lately been introduced here, and was successfully tested on the 10th inst., preparatory to the acceptance of it by the authorities. There are 16½ miles of mains laid, with 117 double discharge hydrants, protecting the entire business portion of the city and many of the mills. Of the mains, two miles, say, are sixteen inches, one mile twelve inches, one mile ten inches, and the rest eight, six and four inches, there being six miles of six-inch main. The Fire Department is now under the efficient administration of Mr. Deland, who is an experienced underwriter.

Jackson, Mich., applies for schedule rating under date of December 23d ult., the application being seconded by the Executive Committee of the Central Auxiliary. The population of this city amounts to more than 15,000.

Terre Haute, Ind., Mr. Peetrey also visited, and makes his report thereon, which is herewith submitted, but it is not as full as others of his reports. He states, however, that the city is entitled to a reduction for first-class water works, when reductions are in order. The agents appeared quite solicitous of having the advantage of schedule rating.

The Evansville, Ind., Board is also solicitous for the application of the schedule system, and I have here a petition to that effect signed by all the members of the Board.

The new rates for Cincinnati are now before you, and when the same have your approbation, no delay need occur in forwarding them at once, in order that the Local Board may put them in force on the 2d proximo. Delays have taken place in the completion of this work from causes which were not foreseen, and Mr. Alexander, who superintended the surveys himself and the calculations of rates thereon, we asked to come here to see them through the press. It was quite important this matter should receive the closest attention, and his time was well spent in doing this. The results of these ratings are as curious as gratifying, and

as compared with like classes of buildings in this city, will show an advantage in favor of the Cincinnati ratings. The statistics of the surveys present some singular figures, and show that Cincinnati although favored in her past experience, has elements of hazard in the heart of the business portion of the city which would be food for an extensive conflagration at some time in the future.

The Dayton Surveys are now here, and the MS. for the tariff is in the hands of the printer. A resolution to rate this city under the schedule system was passed by your Committee at their meeting of February 12 last, but no action has been taken thereon until the present time.

Covington, Ky., your Committee has been requested to have rated under the schedule system. We have here Mr. Peetrey's report on his visit there, made under direction of the Committee, to whom a request had been preferred that the local tariff of a twelvemonth since be printed and enforced.

Cannot your Committee consider at this time the advisability of granting some deduction for a stand-pipe erected in a mercantile building, agreeably to the rule which is finding its way into our larger cities? We have had applications for such deductions from a prominent board in this State, and from one in the West. Builders are making inquiries in this direction, and will put the pipes in their buildings if they are promised some concession of rate. The rule in this city is to allow five cents for each stand-pipe, not exceeding two, a concession which could be safely granted to our larger Boards.

Should your Committee pursue the course you have already taken, and aid and foster the introduction of the schedule system, the employment of some one competent person should be made at an early day. To leave the matter to local boards exclusively has its obvious objections; and if there is value in the system, as we think, it is well to make it uniform in its operations at all points, letting the basis take care, by its increase, of any local or municipal deficiencies. The city of Milwaukee is anxiously awaiting assistance in this respect, and the Local Board is prepared to give its utmost assistance in the effort. It is hoped under the same operation to attend to the ratings of all the specials in and around that city, for which our Underwriters have been so anxiously awaiting. When this city is completed other places may need like attention, and we should be armed to meet all reasonable applications in that direction.

St. Louis is now being surveyed by Secretary Aubin, who is zealously pushing his work, and in a few weeks—perhaps days—we may hear that all his rates have been applied and ready for the printer. The system adopted by the Local Board is somewhat different in its scale of charges from the National Board standard, but promises to work out like results with that.

Some correspondence has been had with the Chicago Board since your action of December 19th ult., when I wrote the President of the

Board, sending him a copy of your resolution of that date, expressive of your sense of the vote of the Board on December 13, reversing the Pork House rates of October 30. The Local Board held its annual meeting on the 2d inst., and at an adjourned meeting on the 9th, instructed the President to ask your Committee for a conference on the question, with a view to harmonizing the differences existing between the rates of October 30 and December 13, which he did. On the receipt of this letter your Committee instructed me to respond by saying that it was out of their power to grant a conference until the vote of December 13 had been rescinded. To this President Clarke replied in acknowledgment, and said he would lay the communication before the Board at the next meeting—since which nothing has been heard from the Board. The correspondence alluded to is submitted herewith.

At your November meeting the subject of the Fire Wardens' Association of St. Louis and its support came before you for consideration, and you placed on record an expression of your opinion that our members should not contribute to its support. The Provisional Committee referred the subject for examination to the State Board, and their report is herewith. I also submit a report from the Local Board in the matter. The recommendations of the two Boards can be reconciled, and it is possible that, should the local and foreign underwriters be granted an effective representative in the Fire Wardens' Association, that the institution could be made all that we desired. A fire patrol, undertaken alone by the Local Board, would not be contributed to by the local companies, whose interest in such a work is very extensive.

San Antonio, Texas, asks for a modification of her tariff. It appears that a member of the State Committee authorized a certain reduction pending formal approval of same. The correspondence is herewith submitted.

Messrs. W. T. Curry and James L. McCluer, designing a tour through Kentucky, offered to assist in making a proper application of our ratings in sundry towns in the State where the tariffs were as yet incomplete. The services these gentlemen have it in their power to afford us are much needed at this time, and they will perform the labor intelligently and efficiently, and, it is hoped, due authority will be given them.

This office would welcome the appointment of parties entirely in your service to assist local agents in ratings. Your resolution of December 11 last referred to such agencies, limiting the authority, however, both as to time and to territory. As all parts of our territory want common attention, and as the work in view is one of necessity so long as the National Board performs its duty, it is hoped that you can authorize such arrangements at the present time as will enable this work to go on successfully. The question of expense is of no consideration under the pressing circumstances of the situation, but it would be well to note that it will prove a measure of actual economy to our companies, many of whom, in contributing the time, and most of them the expenses of their special

and State agents in this work during the past eighteen months, have been at an expenditure of at least five times of what their increased share of contribution to the general fund for the employment of special raters would have been.

The use of benzine in printing-offices is again brought to your notice by the member whose former letter was presented to you at your meeting of September last. It may be that this special rating of printing-offices, in many cases, has the use of this subtle article in view; but to make a distinction in rate in favor of those offices not using benzine, and having the fact endorsed on the policy, would conduce to driving out its use to a much greater extent than can now be done without the recognition of its danger by a difference in rate.

Certain communications from the Boston Underwriters' Union are presented herewith, touching upon the concession, recently granted, of 10c. in the rate for the introduction of the Boston Hydraulic Protector.

The Committee on Legislation and Taxation present a brief report of their doings and of their plans, all of which will secure your hearty concurrence. As the Chairman is giving his personal attention to all matters of insurance legislation which come to our notice, he will require more active assistance in the work which, at this season, is of course pressing.

In this connection I beg to call your attention to a letter written by President Oakley to Commissioner Clarke, of Massachusetts, and which was noted in the minutes of the Provisional Committee of the 16th inst. It was a reply to certain queries put to Mr. Oakley by Mr. Clarke officially, upon matters affecting the consideration of State and Municipal legislation, and also asking suggestions from him as to what changes would be judicious if any were called for.

At your meeting of June last I directed your attention to the evil which appeared to be growing in extent and in power, of agents allowing long credit to policy-holders in payment of premiums, enabling the more wealthy agent to compete successfully against the agent without capital; also, being a forfeiture of the correct principle of the premium being a cash transaction, which the agent had no right to grant. Whether companies can control the matter efficiently and unitedly is a matter which will have to be met at some not very distant day; and as there is, at the present time, a correspondence among some of our companies upon the subject, this seems to be a fitting time to give some reflection to the subject on your part, and, if practicable, to unite in recommendation to our members.

Since last report your Provisional Committee have authorized the offers of thirteen different rewards, amounting to \$7,150. The total amount of rewards now outstanding is \$42,500. No demands have as yet been presented for any of the amounts offered.

The report was accepted, and ordered taken up *seriatim* for such action on the points treated as might be required.

The PRESIDENT asked leave to state, before proceeding to the regular business, that a vacancy was caused in the Committee on Legislation and Taxation, by the resignation of Mr. H. H. Lamport. Mr. D. A. Heald was then appointed to fill the same.

The case of Agent A. A. MOSHER, of Leavenworth, Kansas, recently tried by the Local Board of that place, was considered. A fine having been imposed by the Provisional Committee, no further action was deemed necessary; the Local Board, however, to be advised of the provisions under which the sentence was passed.

Mr. A. F. WILLMARTH, being present on request, made his report as Chairman of the Chicago Committee of Ten, appointed at the meeting of December 12th, which was accepted.

Mr. WILLMARTH also reported on the conference of the Committee of Two, appointed at the meeting of December 12th, to confer with the General Agency Departments of the West. Mr. CHASE, from the same Committee, followed with remarks on the subject.

On motion, the report was accepted, the Committee to be continued and the matter to be further considered, with a view to action on the Committee's recommendation at the next meeting.

The PRESIDENT read copy of a law, now before the Legislature of New York, for the prevention of incendiarism and the reducing of the cost of insurance, which was referred to the Committee on Legislation and Taxation.

A recess was then taken.

On re-assembling, the PRESIDENT made a statement with regard to the agency premium returns of companies for

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS

HELD AT THE ROOMS OF THE PHILADELPHIA ASSOCIATION OF
FIRE UNDERWRITERS, No. 308 WALNUT STREET,
PHILADELPHIA, FEB. 26 AND 27, 1874.

Meeting called to order at 11 o'clock, A. M., pursuant to notice.

Roll call showed the following gentlemen to be present: Messrs. Stephen Crowell, Chairman, George L. Chase, Charles Platt, Alfred G. Baker, E. C. Rouse, Dwight R. Smith, Edward A. Walton, C. H. Bigelow, D. A. Heald (in place of C. J. Martin), Henry A. Oakley, and L. J. Hendee. General Agent Montgomery was also present.

Minutes of the last meeting read and approved.

Mr. CHASE introduced Mr. A. W. Jillson as the representative of Mr. Kellogg.

The GENERAL AGENT read his report, as follows:

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE:

While there are many matters of detail which I shall lay before you at this meeting, it appears incumbent upon me primarily to present to your consideration some special matters which my observation of the workings of our Association seem to call for at this time. We are midway between the published results of the business of the year 1873 and our annual meeting. At that meeting our members will be prepared to discuss matters which may affect our operations for another year; they will look to your Committee for suggestions and advice, which if you fail in giving, they will form the opinion that you have not rightly apprehended the situation or taken knowledge of experience.

The results of the last year's business must be looked at in a twofold aspect—one of gratification, yet one of warning; gratification, in that the objects of our Association have proved their own value, and indeed necessity; warning, in that we have been taught by prosperity some things which adversity did not teach. Our tuition has been found, indeed, in the flames of Chicago and of Boston; we never thought that we should find another kind of tuition in prosperity.

It becomes us now to heed the lessons of the latter, and if the like wisdom remains in your counsels that has prevailed for the past two years, we may feel confident that no opposition from without or lukewarmness from within will mar the promise of perpetuity to our Association.

That the National Board has been a benefit to its members all will testify; that it may always remain so must be our hope, as it is, indeed, our belief. But it seems a singular inconsistency in the results of our work that while that benefit is to be found in the increased profits of 1873 over some previous years, that very success has brought us face to face with dangers which were never calculated upon. The source of our own profits, namely, in well established tariffs harmoniously adhered to, has been likewise a source of wealth to non-Board Companies. Never in the history of underwriting in this country have these companies shown such comparatively good returns. A twelvemonth ago a manufacturer or merchant would not ordinarily have taken the policies of the greater number of such companies, but their figures of 1873 induce him to do so now. Our contest with such organizations has been on general principles. The emergencies of our re-organization, increased by those of the Boston fire, compelled us to resort to emphatic and prompt measures which a state of peace would not warrant. What was interpreted as arbitrary was only dictated by self-preservation. We find ourselves safe now after a twelvemonth of comparative success, and we can afford, perhaps, to take different measures, which will, however, be equally efficacious in keeping up the harmonious working of our body.

In the allusion to the profits of our companies for the last year I make no reference to amount of business. While all show a good, some a

handsome profit, it yet on the average is done on no greater premium receipts than for 1872; and some companies will show a falling off in premium. While the officers of a company can congratulate themselves on this state of affairs, the agent does not recognize this beneficial side of the question. So long as he is compensated by a flat commission the volume of business must ordinarily be his motive power. And just so long as companies are content to do business on this basis they must be careful in not continuing the enforcement of such measures which may make the agents less their friends than their opponents. The truth is, the more nearly we put the agent on the footing of a stockholder the more fully do we identify his interests with ours.

This is, however, merely by way of reference to the fact that we can, without surrendering any principle, make the agent be altogether our friend, by certain measures, either local or general, from which we can derive only enduring benefit. We cannot forget that it is the agent who is in the face of the enemy, and we should not be forward in condemning him if he at times shows timidity in his work. It is true that the moment his courage forsakes him his opposition is doubled, for the insuring public, quick to detect weakness, operates on his fears with great success.

If we can unite the two great principles in our business, namely, that the agent secures the business and the Company pays the losses, and keep these ever before us, we can steer quite around many difficulties which a belief in either one of these, to the exclusion of the other, is sure to lead us. Perhaps we now witness some of the effects of indulging in one of these views alone.

This office has ever held that while principally the organization was for the conservation of the companies, it had a duty to perform in also looking to the protection of the agent; for the better we made the agent and stronger in his reliance upon us, the better, surely, was the resultant business to the Companies.

In the early stages of our re-organization we had not the strength to yield in detail at any locality; but for months past my conviction has been unshaken that we were strong enough both to yield and to decline, and I for one am not fearful of testing the former in any mode or direction that your Committee may elect. We do not yield any principle if, for instance, we make a concession to local excellencies. We may hold, as professional men, that certain rates must be obtained as a general rule in extended districts; but there are liabilities whose experience will justify some modification of such figures. It is not necessary to the present consideration of the subject to name such, for as a rule you will admit such places exist. In some cases, in our Middle or Eastern States, we can point to localities neighboring to each other where, to bring up the local rates to our scientific standard, would risk, in fact, more harm to our interests than an adherence to the standard would bring profit to our Companies.

The maintenance of good rates for the past fifteen months has been the means of fostering more improvements in the Water Supply and Fire

Departments of different towns than the same space of time can show in any previous period of the history of underwriting in this country. There comes up in consequence a great clamor for concession of rates in consequence of such improvements. Agents and citizens come to the ready conclusion that such improvements bring an immediate change in rates; but we have taken the pains in all such cases to advise the claimants that the experience of the excellency of such in their establishment and their management would alone justify a concession. If we desire to continue to be reformers we must show our recognition of all such reforms by some attention to local rating.

It is well known to you that there are some points in the vast domain covered by our operations where troubles are chronic. Some unfortunate agent or other is the cause, perhaps only the occasion, however, of keeping the local organization in a constant ferment. Troublesome alone as this may appear, a chronic demoralization ensues, which in the end is destructive to good practise in such Boards, and resulting in a contentious business. It may be well enough to contend with such a state of affairs, but there are only two ways to improve it; one is to withdraw business, the other is to concede rates for awhile—the latter is better than the former. The contention referred to may often be personal, but it is sure eventually to crystallize around the details of the tariff; take this cause away by mere appearance—if not in fact—of concession, and many months will not elapse before a good state of affairs is brought about. In other words, from my observation of the workings of agents in many localities, I am convinced that harmony is so essential a source of good business to our Companies that many things short of principle ought to be yielded to secure it. Harmony once secured, union of effort can be had, and in time our Companies will find a better working tariff perpetuated. At all Local Boards where harmony and good feeling have prevailed for some time we have found better results in business. In fact, the harmony prevailing in certain prominent Local Boards I could name for some years past kept them in vigorous life during the years that witnessed the sleep of the National Board.

Such are some of the suggestions which have arisen in my mind, and which I have felt it my duty to present to you. I trust you will earnestly consider them, and I am sure your past experience in and active work for the National Board will lead you to such conclusions that plans may be set on foot to speedily accomplish some, if not all, the measures here indicated. Some of the details needed to accomplish these may be stated afterwards; but these I suspend mention of now, hoping that the mere allusions I have made to the demands of the times will bring from you such ready plans for work as may not only extend, but perpetuate, our organization, and at the same time preserve that harmony which alone can be the cement to the stones of our edifice.

Your resolution at the last meeting has resulted finally in the reconsideration by the Chicago Board of their vote of December 13, on Pork

House rates, and the re-enforcement of the rates of October 30. A special meeting of the Board was called, and met on the 17th inst., at which, by a vote of eleven to six, your directions were complied with, and the following resolution adopted, namely:

“Resolved, That we recognise the authority of the National Board to regulate and direct suitable measures to secure the adoption of rates upon all classes of property in Chicago, and while we do this, we respectfully express to the National Board that our preference is that the rating be done through and by the members of the Chicago Local Board.”

It will now be in order for you to grant the conference with them which they desire on the rates of October 30, as asked for in the communication of President Clark, by order of the Board, under date of January 10, ultimo.

The Chairman of the Georgia District Committee of the Underwriters' Association of the South has forwarded to me a letter of Mr. Steven Thomas, Secretary of the Georgia Mutual Insurance Company of Athens, Georgia, advising him that owing to the high rates prevailing, the Company designed no longer adhering to the 10 per cent. advance of premium over tariff rates called for by the comparative advantages of the Mutual system over a Stock Company, and that on the 15th they designed issuing orders to their agents at all points to obtain only tariff rates. This communication only reached us on the 12th inst., but I addressed a letter to Mr. Thomas, asking him “to give our members further time to a consideration of the matter, as there was a principle involved in their proposed action of the 15th, which was a matter of concern to all companies, one affecting to some extent the mode of doing business as between the Stock and the Mutual plan of the various companies represented in the Southern Association.” To this letter no reply has been yet received, and we presume the instructions referred to have been issued to the agents by that company.

The consideration of the establishment of a Fire Patrol, and the continued existence of the Fire Warden Association in St. Louis, was referred by you at the last meeting to the Provisional Committee, with power; no action has been taken by them as yet, and in the meanwhile some additional information has been received upon both matters, and that committee are prepared to recommend a plan for your consideration, which when adopted the St. Louis Board are prepared to enforce without delay.

The burning of two mills lately, one at Canajoharie, and the other at Bennington, both caused by explosion, resulting from leakage of gasoline gas, and both causing serious loss of life, seems to call for renewed expression from you of your views as to the imminent danger there appears to attach to having even the machinery for making the gas within the building lighted. The report of your Committee, adopted September 11, 1867, is quite to the point, and it is only needed to re-affirm it at this time. The principles of that report can be expressed in a short circular, which can thus in brief give your rule upon the subject.

You are solicited at this time to give some expression of your views as to carbureters. The Woodward patent is the one submitted to your notice, an invention which employs only benzole for carbonizing the gas, and which met the endorsement of the New York Board of Underwriters on January 7th, 1870, and is used in that city under certain restrictions of location and erection imposed by the Local Board. This machine was about being introduced into a prominent city in New York State, when the Local Board put to this office the query whether the same was permitted under the policies of our companies. The most recent statement of your views in the matter was found in and recorded in your minutes of December 18, 1872, where speaking of gasoline gas for lights, and the necessity of having the whole apparatus used in making the gas outside the building, it is expressly added: "This rule also applies to all carbureters, so far as to their being outside the buildings." Hence the appeal to you at this time for a consideration of this special invention.

The Pennsylvania State Board having nominated Mr. Theodore Knudsen to revise on their behalf the new ratings of the Erie Board, his appointment was made by your Provisional Committee; the report of his work there having the endorsement of the Executive Committee of that Board, will shortly be submitted for approval. It is hoped that Mr. Knudsen's services may be continued on behalf of the State Board, as his experience in that field will enable him to establish satisfactory, and we hope permanent ratings, and there are many points in the State which greatly need attention of that kind at this time.

Mr. Charles Balloch, of Boston, has been recommended to you for your appointment for rating duty in New England; his testimonials are presented herewith.

The German Insurance Company of Erie applies for re-admission to the National Board; their letter was referred by the Provisional Committee for your action.

I submit herewith the minutes of a meeting of prominent Life and Fire Underwriters, held in the city of New York on the 13th inst., at which the following resolutions were adopted:

"Resolved, That it is, in our judgment, the duty of the representatives of the two great branches of the Insurance business (Fire and Life) in the United States to co-operate in all measures calculated to promote the substantial good of policy-holders, to secure the true interests of the Companies, and we hereby pledge ourselves to unite in promoting the common weal."

"Resolved, That the National Board of Fire Underwriters and the Chamber of Life Insurance be, and they are, hereby requested to appoint each, a committee of five members; the two committees to confer together for the purpose of devising and carrying out such measures as accord with the spirit of the foregoing resolution."

I hold a request from one of our members for the special rating of Staten Island.

Your Supervising Agents have been actively employed in their respective fields. One of them, Mr. Davis, presents to you, at this meeting, his resignation, as he has received an official appointment in the Insurance Company of North America. I cannot let pass the opportunity of here recording my sense of the value of his services to the National Board during his connection with it as one of its standard bearers. With his previous executive experience and his observations of the agency business, he has united assiduity and zeal; and the records of this office will testify to the satisfactory results of his various conferences with agents and his attention to Local Board matters. We shall still retain within the Association, however, the aid of his counsels, as his position with the Company which he will shortly assume will continue his lively interest in the work of the Executive Committee in which that Company is now represented.

Mr. Davis' resignation will leave a vacancy which is too important a one to leave unsupplied any length of time. It is possible that, under the measures to be considered by you at this meeting for an important part of your work, a rearrangement of territory can be made which will facilitate the work of our supervising agency system.

The report was accepted, and it was voted to take the same up in order for action.

MR. BAKER presented a letter from Mr. White, excusing his absence.

The GENERAL AGENT called attention to the adoption by the Chicago Board of the Pork House tariff of October 30, 1873, and on request read the names of agents voting against the same.

The subject of Farm and Dwelling Insurance in the State of New York was considered, and, on motion, a committee consisting of Messrs. Chase, Platt, and George T. Hope, were appointed for conference with the Committee of Farm Companies, and to report such recommendation as might be deemed advisable, to the annual meeting of the Board in April.

The GENERAL AGENT called attention to the rule of the Board under which carburetters were required to be thirty feet distant from the property insured. A general discus-

sion ensued, and Mr. Baker read a letter from Mr. Ezra White, referring to the same subject.

On motion, the rule was modified so that carburetters may be placed nearer than thirty feet from any building, provided they are, in all cases, outside of it, and under the regulations required by the New York Local Board.

The matter of the St. Louis Fire Wardens' Association was brought up, but was, for the present, postponed.

The GENERAL AGENT presented the report of a Special Committee of the New York Board, made in 1867, on Gas Machines and kindred subjects, and asked the view of the Committee on re-affirming certain parts of the same. The matter was referred to a Committee of Three, consisting of Messrs. Oakley, Heald, and Walton. A report of H. S. Maxim, on the explosion at Bennington, Vt., and the question of the cause of a recent fire at Canajoharie, N. Y., were referred to the same Committee.

The GENERAL AGENT read a communication from Mr. E. W. Crowell, Chairman of the Committee on Legislation and Taxation, as follows :

NEW YORK, February 25th, 1874.

DEAR SIR :

In response to the resolution of your Committee in regard to a plan whereby the tax upon insurance premiums in the States of Alabama, Kentucky, and Tennessee, should be charged to the policy holders, beg leave to say that our Committee has not as full statistical information on the subject as it could wish, in order to enable it to arrive at the proper percentage to be charged. We are without this information, by reason of the failure of many Companies to respond to our inquiries relative to the percentage of taxation paid by them in the States above named. We have, however, heard from a number of Companies, and some of them leading Agency Companies, and their figures go to show that a percentage of 5 per cent. for Kentucky, 7 per cent. for Tennessee, and 7 per cent. for Alabama, would not be in excess of the average tax now imposed upon Fire Insurance Companies doing business in those States.

The plan, therefore, which our Committee would recommend to your body is, that the above percentages be charged on the policies issued in

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS

HELD AT THE ROOMS OF THE COMMITTEE, No. 156 BROADWAY,
NEW YORK, MARCH 26TH AND 27TH, 1874.

The meeting was called to order by the Chairman, at eleven o'clock A.M., pursuant to notice.

The roll was called by the Secretary, and the following named gentlemen were found to be in attendance : Messrs. Stephen Crowell, Chairman ; Ezra White, George L. Chase, Charles Platt, Alfred G. Baker, Edward A. Walton, D. A. Heald, in place of Mr. C. J. Martin, and Henry A. Oakley, President.

The General Agent presented a letter from Mr. Rouse, regretting his inability, on account of business, to attend the meeting.

The Minutes of the last meeting were then read and approved.

Mr. W. S. Davis, 2d Vice-President of the Insurance Co. North America, here entered.

The General Agent submitted his report as follows :

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE :

Since your Philadelphia meeting the efforts of this office have been primarily directed to carrying out the plans devised there for your work in the Western States, among which was the issuing a new edition of the modified tariff of December, 1872, the modification being in the classification and division of risks. The effect of your action in this direction will be a better accommodation of rates to existing circumstances, which will prove both helpful to the local agent and beneficial to the Company. These modifications were announced on the 14th inst. to all the Local Boards interested, and a request made that they take early steps to report the allowable changes in their tariffs to this office in time for examination and approval by the 1st prox. The new and amended edition of the Tariff is being prepared to go out in varying numbers to each Local Board, so as to reach them on that day.

The question will arise in connection with the issue of these, whether they shall be operative on the day named irrespective of Local Board action and formal approval of same, or whether such action and approval, duly promulgated, must first be had. The former plan appears to be the only equitable one, and just to both the Agent and the Company; and if you assent to this, we shall be able to announce the rule when appealed to. The result of the working of this plan will be that pending action of the Local Board and your due approval of same, the Company will be entitled to accept any risk affected by the new classification and division operative on and after the 1st proximo at the modified rate, without awaiting the delay, be it longer or shorter, which might result from formal action; otherwise our members would lose the advantage of your recent action, a course which should be avoided if practicable. With the rules before them our Companies can, upon examination of the survey of any risk which may be presented to their consideration, calculate the allowance which could be made on the existing tariff in favor of such risk, and write their policy or renewal, and give the assured the benefit of the modification without reference to Local Board action which might be uncertain as to time. The simple proposition is, what is the readiest mode by which we can best facilitate the practical operation and in the speediest manner of the modified ratings.

I have the pleasure of laying before you letters from the gentlemen appointed by you as the Committee on Co-operation at your last meeting, accepting the office which you have conferred upon them. And I have to report that, at a meeting held by them in Chicago on the 12th and 13th inst., an organization of the Committee was effected by the appointment of Mr. Case as chairman and Mr. Lyon as secretary. Under the date of the 16th Secretary Lyon writes us an interesting letter furnishing us an *abstract* of the proceedings of the meeting, which is now laid before you

for your attention as well as such action as may be called for. Regular meetings of the Committee are to be held on the last Tuesday of the month, though a special meeting can be called on three days notice by a majority of the members. In order to facilitate some of the arrangements had in view by the Committee necessary to the furtherance of their work, your Provisional Committee, at their meeting of the 20th inst., authorized them to secure a room for their purposes as well as to incur certain clerical expenses made requisite by the work had in view, all expenses to be submitted to your Committee for approval, and payment of same to be made from here. The Chairman of the Committee is to have the immediate charge and direction of office matters, and in his absence, the duty devolves upon the Secretary. The Chairman was instructed to direct the movements of the Supervising Agent in the absence of specific orders from the full Committee.

It was resolved by the Committee that the principal work of the Committee should be devoted, for the present, to matters affecting the preservation of Local Boards and uniformity of rates, each case taking the precedence in accordance with its importance and necessities. And an opinion was given that it would not do, just now at least, to hamper the Committee with the consideration of the frequent and petty complaints received by the National Board and its auxiliaries from local agents throughout the country on minor matters. It must here be stated that this office has since the receipt of notice of the organization of the Committee referred all matters, affecting local interests in the field covered by the operations of the Committee, to the Chairman without exception, as there seemed to be no other course to pursue. While there would necessarily be cases needing prompt attention, the Committee were entitled to have on record all matters of greater or less importance in their wide field, in order that they might intelligently act when time for any local action had arrived. It has ever been the rule of this office to give every case attention, from whatever source and of however apparently slight importance, even if we were unable for a time to secure any direct or adequate action, the more important cases calling for action according to certain local necessities in preference.

The closing clause in the resolution, defining the powers of this Committee as adopted at your last meeting, calls in each case of action had by them, for your approval and promulgation. In this connection, I would say there are many matters of detail which may not actually need this formula, such, for instance, as construction of a rate on any particular risk, or amendment of a rate where the local tariff has not given a right construction of the same. These cases frequently occur, but can readily be settled by the Committee without further reference, except so far as the necessity exists of recording the same here. All communications to Local Boards on general ratings or revision of the same could more appropriately come through this office, receiving first your approval of the same; and all communications to Companies, members of the National

Board, it would be fitting also, to have directed through this office. But these are mere suggestions, thrown out in passing, for your consideration and attention, if they merit such.

Under your resolution of the last meeting signifying the appointment of Mr. Robert J. Smith as Supervising Agent for the West, your Provisional Committee concluded such appointment, which Mr. Smith accepted, when he was duly assigned for duty under the direction of the Committee of Co-operation. Mr. Smith attended the meetings of the Committee upon their organization, and received instructions and suggestions from the Committee in person. His first duty was to visit Columbus, where he spent the 16th and 17th in reviewing the condition of matters there, and on the 18th attended the trial of a prominent member of the Terre Haute Local Board, his report upon which, together with transcript of the proceedings of the Board had upon the occasion, I now lay before you for your notice and action. Mr. Smith's further movements in the immediate future will be in visiting sundry cities in Michigan and in the North West with a view to examination into their water supply and fire departments, in order to report upon their merits with a view to a concession of rate on such account. He has in view also visits to Kansas City and Springfield, Mo., for attention to local board matters.

Mr. Peetrey has been assigned by your Provisional Committee to the Middle and Southern States. He has already visited sundry points in this State and in Pennsylvania, and after the Annual Meeting some matters in the South of local interest and pressure will call him there. In this State he has assisted some of the Committees in giving suggestions in ratings, and in Pennsylvania has, in like manner, afforded Mr. Knudsen some valuable counsel.

Mr. Davis has afforded us the benefit of his personal attention to some matters after the date at which his resignation was to take effect, matters of urgency which needed some personal attention, and his familiarity with the locality and the subject in hand seemed to indicate that we should accept his willingness to act for us, which was gladly done.

A recent case in which Mr. Davis attended the trial of a member of a Local Board, and upon which he made a very full report accompanying the evidence in the case, resulted in a sentence of a fine being imposed by your Provisional Committee of 18th inst. upon the party accused. This was the first proven offence, and as suspension of the party seemed a penalty indefinite as to both time and punishment, a fine payable into the treasury of the Local Board was imposed. This entails upon the accused an act, the performance of which really secures from him a personal recognition of his offence, and so far as imposed has proved salutary in its operations. As this plan has been found to work well, your Committee may in future cases apply the like remedy, for a remedy will it prove for *all intentional irregularities of practice or deviation from rates.*

The New England field needs, at an early date, indeed immediately, the attention of a Supervising Agent, who can give it his entire time. Whoever fills this important office must give attention to local ratings, a matter much needed throughout the whole of New England, as well as to Local Board workings. These two works united, would keep one person very actively employed. I trust some action can be taken at this time, looking to the supply of this important position.

The resolution of your meeting of January 30th, empowering the Rochester, N. Y., Local Board to make an abatement of the 20 per cent. advance of December, 1872, upon all mercantile risks covered by the new water-works when the same should be accepted by the city, was duly acted upon by the Local Board on Feb. 2d, ult., and made operative from that day upon all policies issued on and after December 12th, 1873. In view of the practical operation of the new water works, and the use of them for fire purposes, by an arrangement made between the authorities and the contractors on the first day of January, the action of the Local Board would not appear to be in practical contravention of your action, which, technically, would not have been operative until the 28th ult., when the water works were accepted by the city. No notice of this action of the Local Board of February 2d, official or unofficial, reached this office until the 11th inst.

The high price of gas in the city of Rochester is leading to a very great extent to the disuse of gas as an illuminator, and the substitution therefor of kerosene. The Local Board ask for information whether such change of light calls for an additional charge. It is well for our Companies to take note of the fact of the inducement in many places to return to the use of kerosene by the cost in using gas, due greatly to the monopoly had by manufacturers. Towns in this State as well as in the West are complaining of this, and insurance companies should watch closely their interests in this direction. Under date of June 30 last, we called the attention of our Companies to the resistance made by the citizens of Adrian, Mich., to the gas monopoly in their town, and asking them to give close attention to the introduction of the exclusive use of kerosene in business buildings. It is now reported that, in this town, the common council refused to pay the price of gas and now use oil or naphtha in their street lamps.

One of our members asks your consideration of the existing arrangement in Washington city, under which the local Companies, members of the Local Board, joined that organization, eighteen months since, with the privilege of writing all their renewals at former figures. I must here note that this arrangement did not come to our notice until it had been in operation for a twelvemonth, no notice or complaint of the same having ever reached us from the loyal agents of our members of the Board. In view of your consideration of the matter, at this time, Mr. Peetrey spent the 23d and 24th inst. in Washington, with a view to the close examination into this special matter; and I submit his report thereon herewith.

Your recent resolution, regarding the allowance of an appropriation to the Fire Wardens' Association, of St. Louis, has been acted on by the St. Louis Underwriters, but under a misapprehension of the intention of the resolution, the three members of the Local Board, called for on the enlarged Executive Committee of the Association, were designated by the Association, while it appears to have been your wish that the Local Board should nominate the three who were to represent their interests in the Committee. Under this view, your Provisional Committee, at their meeting of the 20th, took action in the matter, which was duly communicated to the Fire Wardens, and also to members of the Board.

I submit herewith a statement of expenses incurred in the recent rating of Cincinnati, which, with your approval, will, it is understood, be met by the Local Board, a portion of the same having already been defrayed by them. Should you not deem it advisable to sanction the application of the schedule system, as worked out to the entire city, it would seem, manifestly, to be in order to allow that portion of it bearing on business buildings to go into operation at an early day; and I am advised that this plan would be esteemed by many members of the Board, and a trial of the new ratings had, and the influence of them fairly tested. An estimate of the expenditures incurred, show them not to have exceeded one per cent. upon the premium receipts of our own members, which is less than those incurred in the city of Buffalo, where their schedule went into force over a twelvemonth since.

A meeting of the Executive Committee of the Central Auxiliary was held at Toledo, on the 20th ult., the proceedings of which are presented herewith. Some requests for modification of sundry rates have already been met by your action of the 27th ult. A resolution was adopted, expressing the opinion of the Committee that it was desirable, and they so recommended, that your Committee take action, discontinuing the Central Board, and reestablish the several State Boards as before their consolidation. A further motion was passed, requesting the National Board to employ a competent person to do the clerical work, in the preparation of the manuscript for rate books, leaving only the fixing of the rates to the local agents and the District Committees, subject to the approval of the Executive Committee of the National Board. In regard to the desired reestablishment of the former State Boards, in lieu of the present organization, no cause is seen here why such change should be made, although such may exist, which has not yet been presented in view. There seems a further reason why no change, at this time, be made; and that is found in the beginning of the operations of the Committee on Co-operation, who, being so nigh the territory covered by this Auxiliary, can put themselves directly in communication with the various District Committees of the Central Board, as now constituted; whose efficiency it is not thought would be increased by the existence of three organizations, where one should be able to operate to the advantage of our interests.

I corresponded with Mr. Holton, of Milwaukee, as instructed by your resolution of February 27, in regard to the Insurance Legislation then in progress in Wisconsin, and now submit his letter in reply. The bill, as presented in the Legislature, was shorn of some of its objectionable features; but has passed both Houses, and awaits the Governor's signature, with the antagonistic feature of causing the amount of the policy on buildings to be deemed the value of such, a clause which will compel insurance companies to take some united action to counteract a measure which is, in fact, an uncalled for interference with the insurance contract. A mere reference to this, however, is only needed here, as the Committee on Legislation and Taxation have this subject now under review.

A letter from Mr. Crowell, Chairman of that Committee, is now before you, containing a recommendation as to the method of charging taxes, levied in the State of Alabama, upon individual policies, which is in response to the action of your recent meeting. Mr. Crowell advises me that he hopes to be favored with a hearing from you at this meeting, in regard to some of the work the Committee has in hand, affecting our interests nearer home.

The document prepared in Philadelphia, on the 27th ult., for the signatures of the agency members of the Underwriters' Association, of that city, was duly presented them, and obtained such signatures, with but one or two exceptions. Those gentlemen are under the impression that theirs is a particularly hard case; and, individually, think it is asking much of them to be bound by rules to which but four out of the many local companies are bound. But, in this respect, even they are better off than are our representatives in Baltimore, Cincinnati and St. Louis, where, in each city, all the local companies, but with one single exception in one city, are outside the Local Boards. The difficulties surrounding the situation, in Philadelphia, may be peculiar; but may it not be that they may be greatly due to the lax insurance laws of the State, which permit the easy access of many insurance companies to compete for the business of Philadelphia, unrestrained by any regard to conservative underwriting. Now, that New Jersey has passed a law which will shield Philadelphia from irresponsible companies over the river, shall we not hope that Pennsylvania will take early steps to secure her own fields from depredations from within. With New Jersey, New York and Ohio protecting themselves, it only remains for Pennsylvania to perfect a system analogous to theirs, and much of the cause of the discontent among Philadelphia Underwriters will be removed.

The approaching Annual Meeting of the Board leads me here to speak of the pleasure it gave us all to see, at the last annual meeting, so many of the General and Special Agents of our Companies present at its deliberations. Those who were present took all a good influence home with them; and, through the year past, have more fully realised the objects and purposes of the National Board than those of their brethren who were not present. Should you deem it advisable to give expression,

at this time, to a desire to have the field representatives of our members present at the approaching meeting, it would, doubtless, result in an attendance of the agents referred to equal to that of last year.

The report was accepted, the same to be taken up for action in the usual order.

The following resolution was then adopted :

Resolved, That the appointment, by the Provisional Committee, of Mr. Robert J. Smith as Supervising Agent for the West, be, and is, hereby approved.

A telegram was read from Mr. Henry Kellogg explaining his absence.

The following letters of acceptance were submitted by the General Agent from the gentlemen appointed members of the Committee on Co-operation in the West, and ordered printed :

HARTFORD, March 4, 1874.

DEAR SIR :

I beg to acknowledge the receipt of your esteemed favor of the 28th ult., informing me of my appointment as a member of the Committee of Co-operation for the Western States. Also, copy of resolution under which the appointment was made, and defining the duties of the members of this Committee.

Permit me to notify you of my acceptance of the same; and I beg to convey through you my thanks for the honor conferred by the Executive Committee, together with my assurance of forwarding to the extent of my ability, and so far as my engagements will permit, the interests intended to be subserved by this appointment.

I hope to see you on my way West, and in the meantime remain,

Yours very truly,

G. F. BISSELL.

CHICAGO, March 5, 1874.

MY DEAR SIR :

Your esteemed favor of 28th ult., announcing my appointment as one of the members of the Western "Committee of Co-operation," created by the Executive Committee of the National Board, at its Philadelphia meeting last week, and giving copy of the resolution which defines the powers of said Committee is received.

REPORT
OF
THOMAS H. MONTGOMERY,
GENERAL AGENT.

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE.

The recurrence of another Annual Meeting of the National Board, which is called to assemble this day, leads us to an expression of thankfulness that our members are once again permitted to meet in Council assembled; and while taking up the results of an active twelve-month just past, to design and perfect measures for the new year upon which the Board will to-day enter. While the retrospect of the last two years' operations must bring conviction not only of the necessity but of the value of our organization, to those who have participated in its benefits, there yet remains much to accomplish. It is the test of true health and of a vigorous life in a person when he looks forward to new fields, turning a glance backward only to learn the lessons which the past may teach him; so is it with the National Board. Its members may rest satisfied with what has been accomplished, and acknowledge a debt to its instrumentalities for much of their present success; but they will lose those lessons of the past unless they go forward with the intention to establish that which has been found useful, and supply those things which may have been found wanting. The report of your work, now submitted to the members, will indicate what these lessons are, and inspire them to suggest and direct plans for your future work on behalf of the common interests of all.

The printed proceedings of the various meetings of the Committee will give evidence of the amount of time you have

given to the consideration of the various subjects brought to your notice ; and in them will be found in detail the result of your deliberations. No such work has been undertaken by you as was witnessed in the December of the previous year when you then put forth an extended system of basis ratings for sundry States ; but the mode of treatment of these has contributed much to your labor during the past year. While it is not needed to enumerate them here, there will be found on an examination of the proceedings, a variety of subjects treated which in their number and character testify to the importance of the trust confided to you, as well as to the interest of our members and of their representatives in local agencies which have furnished many of these matters as subjects for your deliberations. A few of these may here be stated :

The *Standard for Cotton and Woollen Mills* adopted in March, 1873, was amended at your May meeting in some particulars, the leading alteration being in making a standard basis and charges for a Woollen Mill, and deducting twenty per cent therefrom for the rate on a Cotton Mill, (p. 145). A modification was made in this at the February meeting (p. 276) in the item of lighting, allowing of a charge of 15 cents for the use of mineral sperm oil for lighting, this being also extended to apply to Paper Mills.

At the May meeting also was adopted the rule that in all buildings where *Steam or Caloric Engines are used for Power*, that an additional rate of insurance shall be charged (p. 151).

Circumstances dictated the necessity at your June meeting of giving expression to your views " *that all directions or orders emanating from the General Agent of the Board are to be considered as the order and directions of your Committee*" (p. 163).

On the subject of "*Night Work in Mills,*" the rule upon which was adopted just a twelvemonth before, at your June meeting it was enacted that the same should apply to "all descriptions of mechanical risks, except those which, by the nature of their business, are compelled to run continuously" (p. 168). At a subsequent meeting (p. 206) steps were taken

by your Committee to define by name those risks so referred to in this rule by obtaining the individual views of Companies thereon ; but the response to the inquiry was not a full one and in some classes there appeared to be a divergency of opinion, hence your Committee came to no conclusion thereon.

At the September meeting a rule was applied to the use in Boot and Shoe Factories of *Benzine or Naphtha, and Patent or Gutta Percha Cement*, calling for the charge of one-half per cent. additional rate ; but in the case of the use of the Cement, no charge was to be made when the policy had a condition that no more than one pint be kept in the factory at any one time, (p. 180). This was amended at the November meeting so as to substitute the words "one day's supply," for one pint (p. 212), "it being understood that the manufacture or storage of the cement shall be strictly prohibited." It is a singular fact that owing to the discussions which have arisen on this amendment, companies and agents have overlooked in many cases the text of the original resolution, which yet remains on the statute book, that a half per cent extra shall be charged where Benzine and Naphtha are used in such factories. It became necessary for us to issue a double circular on this as a reminder to our members.

At this last meeting it was voted "that Local Boards be directed to appoint Standing Committees to examine into the condition of their Fire Departments and the water supply of their respective localities." But very few Boards have responded to this proposal, involving a measure which is fully as beneficial to them as it is to the communities in which the business of the members lies—(p. 207).

At the same meeting was approved and ordered printed the recommendatory "*Paper Mill Standard*," (p. 211) which has proved of practical utility in making more uniform the rate on this class of hazard, which has hitherto proved so unremunerative to insurers.

At this meeting action was had upon *Kerosene or Coal Oil*, limiting the storage of the same to five barrels in amount at any one time (p. 215) without extra charge ; which at the

following meeting was added to (p. 247) by calling for a charge, when there were more than five barrels and not exceeding ten, of ten cents on buildings and contents; when the amount is more than ten and not exceeding twenty-five barrels, twenty cents; and exceeding twenty-five barrels, fifty cents, "the limitation in all cases to appear in the policy."

In this connection reference is in order to Dr. Wahl's *Report on the Light Petroleum Oils*, which was highly commended at the last annual meeting (p. 95), and which your Committee, at your first meeting thereafter (p. 136), ordered to be printed for distribution; under this resolution were circulated *Ten Thousand Copies*, every local agent in the country receiving a copy.

At the December meeting a report on the *Products of Petroleum as a Lubricator* was presented and ordered published, and the recommendation of the Special Committee endorsed, "that the use of Manufactured Oils, that will stand a test of 250° of fire heat as a flashing point, and 300° as a point of ignition, be permitted without extra charge."

At the November meeting a resolution was passed directing that the "*Surveyor of a Local Board shall act as Secretary*, and that the office of Secretary shall have no compensation;" thus preventing more than one salaried officer in any Local Board.

At the December meeting action was had looking to the employment, by your Committee until this meeting of the Board, of "competent persons, not connected with any Company," among whose duties would be "the revision, in connection with Local Agents, of tariffs which may be defective." It is fitting that the Board at its present meeting not only affirm this movement, but afford your Committee the authority and the means to carry out the plan thus inaugurated, which is full of promise to our interests, and one which I have every reason to believe will be welcomed by the local agents.

The November meeting was the occasion of an interesting discussion on the merits of the *Average or Co-Insurance Clause* and the *Three-quarters Clause*, and resolutions embodying the former, and one embodying the two united, were sent down to

Companies to elicit their views for the purpose of aiding the Committee in agreeing upon some course of action in regard to either of these two important clauses, which our members could safely adopt for their practice; but the replies were not received in number sufficient to warrant any action on your part. The first practical recognition of the value of the Average or Co-Insurance Clause had by you formally, was the sanction given to the New York State Board to allow in their Minimum Tariff an abatement of twenty per cent. on the existing rates of lumber where that clause was made a part of that policy (p. 181). This application of the clause in lumber insurances was, at your February meeting, made to apply with your Western ratings. And the recent action of the New York Local Board is here noted with gratification, incorporating this principle into its code; at their meeting of 13th inst., an abatement of ten per cent. was granted on the premiums on buildings and contents where the co-insurance clause was inserted in the policy.

At your January meeting the rule was enunciated anew, that "no Company can be recognised as a member of the National Board who does not sustain the Local Boards at all points in the country at which it is represented."

At the same time formal recognition was had of the advantage of the erection of *Stand Pipes* upon Warehouses, by granting a concession of five cents in the rate of building and stock for one, and if more than one, of ten cents.

The influence of your work at the February meeting, in making certain Modifications in your December Ratings by adding a new class for convenience named B-C, and granting certain allowances for what is known as preferred stocks in ground floors, is already seen in the welcome extended to it by Local Underwriters through the wide field covered by the operations of that minimum. Experience showed some necessity of certain modifications, and these now being had, will be accepted as an evidence, by the local representatives of our members, as an earnest that your Committee are prepared to act in any such direction when wisdom united with experience shall dictate. Added to this, must be recognized

the good influence also of the measure you laid down for your guidance in granting concessions of rates where efficient Water Supply and experienced Fire Department justified it. No better inducement can be held out to business communities than this action of yours, for the general improvement, in all localities, of the means of extinguishing fires, and a stimulus will be given to your local agents everywhere to move in the matter and become, as they ought, the foremost reformers in their respective communities.

Having recited here the leading acts of your Committee, and all of which promise perpetuity, I can now give you some items illustrating the operations of this office, and they can be enumerated as follows, namely :

There are officially recorded the organization of 982 Local Boards, and a list of the same is now submitted to you.

There are on file 792 Local Tariffs, embracing the ratings of 2,871 different localities.

The correspondence continues large and increasing in volume, there having been 10,343 letters received, and 13,128 letters written and mailed, which is an average of more than 42 letters written for each working day of the year. It has ever been our aim to give immediate attention to the correspondence in detail the day of its receipt; it may be, however, like all rules which is proved by its exceptions, but these which are indeed few, may only be caused by the delay incident to the procuring the information desired.

Of circulars, 65 have been issued, all going to our members; the majority going to General, State and Special Agents of our members, now numbering in all 302; and some to Local Boards; and some to Local Agents, the number of these on our Directory at the present time being 8,212. The total issue of the Circulars amounted to 78,800.

Of rate slips, 167 in all have been issued, these going to our members and their managers; these give the rates on 671 risks, of which 414 were notifications of risks being placed by outside parties below the local tariff, and have been the means in fact, of protecting the interests of the local agents, who are

apt to suffer by irresponsible parties canvassing their clients and offering them cheaper insurance; but in most cases the information reaches us of the instances of this warfare against the local agent—for we can call it no other name—too late to be operative; not too late for our own members, but too late for such companies who, while desirous of getting our rates deem themselves under no obligation to correct an error when once the policy is written, as is stated in “good faith.”

The carrying out of the operations of the office have been due to the industry, the zeal, and the faithfulness of the office staff, who labor longer day by day than the staff of any insurance office in this city, I must particularly mention the intelligent and ready co-operation of your Secretary, Mr. Miller, in all that concerns the welfare of the Board and the work of your Committee.

I must testify to the valued assistance which I have found in the Supervising Agency system, so ably personated in the gentlemen you have appointed. It is not saying too much that a large measure of the success of the National Board in the past year has been due to the prompt presence of these gentlemen at troubled points, and to their timely counsel and discreet direction. The reports of these gentlemen, now submitted to you, will show the amount of service they have performed, and you will unite in the testimony that it has been performed well. I would particularly invite your careful attention to these reports, as they embrace observations of the work we have in hand and suggestions bearing upon its promotion and furtherance, which are of great value; and they also will be found of great interest, as none are so well qualified as these gentlemen to speak of the influence and the progress of the National Board.

Mr. W. S. Davis was appointed on May 14th, for the First District, embracing the New England and Middle States; Mr. Jacob Peetrey was appointed in June, for the Second District, embracing the Western and North-Western States, and entered on his duties on July 1; Mr. R. J. Smith was appointed on March 2d, and shortly entered on his duties, being detailed for duty under the direction of the Committee of Co-operation.

Mr. Davis resigned on March 15th, having accepted an important position in an office in one of our leading Agency Companies. Mr. Peetrey was then assigned to duty in the Middle and Southern States, leaving Mr. Smith, under the direction of the Western Committee as stated the Supervising Agent for the Western field.

The advantages which the National Board has experienced through the instrumentality of the Supervising Agency system, can be found in the fact that the Board is brought personally in contact, as it were, with Local Boards and their members, and necessarily at points where the acknowledgement of its existence is most needed. This office has realised the benefits of a system which enables a representative of the Board to appear on call at any point deserving or needing attention, and speaking and counseling in behalf of the National Board, which is ten-fold more effective than the customary correspondence.

It must not be supposed that the Supervising Agent is designed by us to act primarily as our disciplinary representative; the office has higher aims and a more beneficial object than this. It must occur among the large number of Local Agents in the country that some few are not altogether faithful to the obligations imposed upon them by their Companies, and who become the source of annoyance and, perhaps, of demoralization among their local insurance circles; this we must endeavor to correct and amend, even to the extent of asking their Companies to withdraw their commissions from them, local interests and the general good seeming in extreme cases to demand this. But it is our aim to apply preventives in the early appearance of trouble, rather than wait the outbreak of a difficulty, and then have the unpleasant duty to apply a severe cure.

The Supervising Agent is in fact our ambassador for counseling and advising in all local perplexities, and for assisting in fact the Local Agent in his work. He sees the matters affecting insurance interests in the places he visits with an eye that is free from bias, realising that he is not the representative,

directly or indirectly, of any one Company, but is the representative alone of the interests of the united Companies; and his report to your Committee is of such a character that you can accept his conclusions with confidence. Local Agents are gradually beginning to rely on this arm of our service for aid; and, recognizing that the mission of the Supervising Agent is a confidential one, make him the depository of their complaints and troubles, and they feel assured that he is helping in good faith the representative of the National Board to form just conclusions, upon which will be based recommendations, which will lead to acceptable action on your part.

He can greatly aid the Local Agent by strengthening him with the arguments and experience of Fire Underwriting, and assisting him at the same time in convincing the assured of the merits of a proper basis of ratings. The Agent learns his own local experience with great aptitude, but it is only from one, whose duty leads him frequently to traverse an extended field, can that wider and more diversified experience be gathered, which leads to the surest results in our business. It is in this feature of the local business that the Agent may be apt to contend with his Company on the rate of any given hazard (and contention on this point is not far removed from opposition), and herein comes that want of accord between Company and Agent, which often seems formidable, but which in reality is not of great extent. This it is not difficult to overcome, and I look to the discreet use of our Supervising Agency system, which will combine that threefold helpfulness within itself, which we desire to attain, namely, to the Company, to the Agent, and to the Assured. A few judicious visits in a city or town, where the assured are the most critical, and the Agents the most backward, will certainly result in the establishment of a better and more lasting comprehension of the system of Fire Underwriting than ever obtained there before. This no one more warmly welcomes than does the Local Agent. Your Special Agents may apply individual ratings, and go through a town in detail, but your Supervising Agents can pave the way for the work, and really open the door for the Special Rating Agents.

Local Agents, as a general rule, give their first efforts on behalf of the interests of their companies ; but cases may arise where they do not feel themselves sufficiently fortified to explain to the assured the reason for the rate charged, and it will not take many such cases to show that the Agent is soon weakened in his position, and his faith in the Company's instructions lessened ; and thus the assured is afforded weapons which in obstructing the operations of the Company are really hurtful to the Agent and his local business. This state of affairs will become chronic unless relieved. And I am confident that no one will more readily welcome the relief we can now offer him than will ninety-nine out of every one hundred Local Agents in the country ; and this opinion is formed after much observation of the local agency system and conference with Local Agents. I am well convinced that much of the seeming opposition encountered in our operations from local agents arose from causes briefly here alluded to. The Companies coming together after the catastrophes of Chicago and Boston knew their wants, and confided the supply of these to a National Organization, and there many of them seemed to leave the matter ; and in the meanwhile the local agents were suffered in many instances to learn for themselves the duties of the hour, when, had we the Supervising Agency system at that time in operation,—and could we have foreseen the extending influence and strength of the National Board such would then have been the case—we should have accomplished results in a short time which would have been surprising.

This leads me to speak, at the expense of detaining you awhile longer, of the local agency rating system, which has been the theme of much discussion and I think of much misapprehension. It is true we found difficulties in perfecting local tariffs at many points ; and these difficulties seemed to many of our members unwarranted. In many instances they were unavoidable. We expected a number of agents in any given locality to unite promptly and harmoniously upon a tariff fully up to the standard of the views of the Companies. The obstacles to this were manifold, and among these may be

named, want of full experience by many of the members of the Local Board, a difference of instructions by the Companies, in some cases an entire absence of instructions, and especially local feelings and personal suspicions. It was soon manifest that the foremost agents in any locality to make a tariff must expect to run the gauntlet not only of opposition from the insuring community but of lukewarmness and perhaps of misrepresentation from many of their fellow members in the Board. There was more or less of this at most of the places where tariffs were formed, and only daily observation of the matter brought conviction to our minds that Companies would not singly have that knowledge of the case which we had. Again, the different modes exhibited in the management of our Companies led naturally to instructions to Local Agents in any one locality which were frequently not uniform either in character or in force. Inequalities of action on the part of Agents in any Local Board, were therefore due to many causes; but these it is believed can all be rectified by our Supervising Agents. It is true that at some points, the effects of former disintegration in sundry Local Boards may continue awhile, but we shall remove them in time by repeated visits of our representatives if needed.

In saying that the Supervising Agent is not to act primarily as our messenger of discipline, it will now be seen that the operations of his office are of such a fundamental character that his mission is rather to remove from view all causes which show their effect in the need of discipline. But so long as "the National Board cannot alter human nature" we must needs be prepared for some causes of offence which will merit his attention and your judicial action. And in the belief that these will not be many in future, and while standing prepared to enforce our efficient rules in the cases which may occur; our duty will be to see that the Supervising Agent pursues his mission of conference—of instruction if you will—with the Local Agent, to his full extent.

Necessarily, the question of local ratings will confront him at every step, and, as your representative, he must be prepared to meet it. At the first inception of this supervising system,

your Agent, under instructions, abstained altogether from any directions and almost from counsel in the matter when visiting Local Boards. But circumstances have shown, in the last few months, we were neglecting a duty and practically depriving the local agent of that aid and help in rating which he looked for and which it was found he would welcome. Our ratings had been established, in the main, by the various District Committees of the State Auxiliaries; and had been done with skill and efficiency; and it must be admitted that without the intervention of these Committees we should not have seen a tithe of the ratings under which our Companies are now carrying their business. But the membership of these Committees owed allegiance to individual Companies, and not to us, while at the same time acting in effect as our representatives. The Local Agent made prominent this fact of the Committees being the employees of different Companies, and were ever ready to criticise any inequality or seeming unfairness of the rate, and charge it to favoritism. But this is not the case when your own representative approaches the consideration of the subject, and, indeed, it is found that his attention to it is welcomed by all the members of a Local Board. The results of the applications of his suggestions lead to satisfactory and harmonious workings. The Local Agent, while saying he should be the one to make his local tariff, is, as a general rule, found ready to receive experienced suggestions from a disinterested party and willing to act upon them. He accepts the seed which another may give him, but it is he who trains and prunes the vine, under the shade of which he hopes to see the joint welfare of himself and his Company.

This is entirely in accord with some sentiments, on this subject, I submitted in my report to you of November, 1872. Speaking of our original plan of leaving the local rating entirely to the local agents, I said, what can in this connection be repeated, "That the principle is right in the main to leave the rates to those who know their locality and their customers; but it appears now an error to have left it entirely there without any power of revision. I am no advocate for depriving the local agents of the duty and the responsibility of rating,

but Companies should never part with the inherent right of naming their own prices." Again, "I will never consent to taking from the local agent the power to form his tariff; but I would recommend, as a supplement to this necessary work of his, that some revisory power be placed somewhere to correct the evils which the strict letter of our Constitution seems to have guided us."

These two principles are now reaching full accord under the operations of our present system, and in a manner which, a twelve-month since, we had not the promise of. We established, in December, 1872, a basis of ratings, which now recently you have modified, and you stand prepared to grant further local modifications if there can be demonstrated to your satisfaction that the local facilities for the extinguishment of fires and prevention of conflagrations are sufficient to warrant them. Such a minimum as this must be hailed as a happy solution of a matter which never, rightfully, should continue to form the subject of a controversy between the Company and the Local Agent. You give him a standard, below which you can readily demonstrate to him you cannot with safety go, unless he can convince you of certain local excellencies in water supply, etc., and you make him your supporter and not your critic, and, under the influence of this action of yours, he will pursue his profession with ampler knowledge and greater zeal, and the assured will give him countenance and not opposition, from the fact that he represents Companies who are pursuing a closely calculated system of Fire Underwriting, and who will, thereafter, not be as ready to pay a less premium for a policy of a Company which is shown not to be conducted on such a system.

In this view of the operations of your present plan, pursued with success in a large territory over which you have cognizance, I feel justified in commending to you the enlargement of that system, and the application of it to all sections of the country. With the growing interest in fire underwriting, and increasing acceptance of the fact that it is based upon calculation and not upon chance, a fact which is more fully recognized by the business community than it has ever before,

you can readily employ this means to the perfection of your work, and I am prepared to say, from observations formed at this office, some plan of like nature to that now employed by you in the West, will be an entirely welcome measure to the Local Agent of the Eastern, Middle, or Southern States. He will accept it, knowing that you would not commit yourselves to aught which would affect your interests in which his are involved, and believing that with the local exceptions you are prepared to entertain, he will have an opportunity of pleading before you the merits which his tariff should command, and which if you would not admit, you would satisfy him on reasonable statements should not be granted.

This in no wise affects the principle of Local Board work in rating, as the operation of these bodies is quite as necessary as before; but while remaining as essential to the harmonious making of a tariff, the work of the members is made four-fold easier in having a solid foundation upon which to build their tariff. It may be that in the new fields now proposed to be covered by this plan, agents of different localities may compare their condition as more favorable than a neighboring locality which is building on the same basis. If it be so, it is only an evidence that the plan is human, and hence not perfect. But with an ever present Supervising Agency system, these local comparisons can be allayed, and time and observation will bring about a uniformity in practice which can only prove an acceptable chart to the local agent. In recommending this plan, it is but expected that those to whom the framing of any sectional minimum tariff will be committed, will take into their counsels experienced local agents of representative localities in their respective sections.

The consideration of this measure, which it is trusted the Board will, at this annual meeting empower you to perfect, leads to another for which both the companies and local agents are, I believe, ready; and that is, that the minimum tariffs sanctioned by you ought, in common justice, to be uniformly binding upon company and agent from a given date. The conservative agent will welcome this step, for in this he will have the assurance that his less experienced brother will

have no cause to hold back from local unity of action. It has been seen in our past records, that a few timid members of a Local Board have kept inoperative for many months the work of framing a local tariff, and urgency of the more conservative and experienced members to complete the work has finally redounded to their disadvantage, until finally all efforts cease, and nothing is accomplished until a personal visit of our representative can bring a solution to the difficulty. In this proposed rule, therefore, the experienced agents will have a support which the others cannot gainsay.

A matter kindred to this was incidentally presented to your Provisional Committee at their meeting of the 13th inst., on the request from some of our members that measures might be devised whereby we should have promptly the benefit of our new modified rules, without awaiting the formal sanction of them by Local Boards, and your committee was asked to bring the matter to the consideration of the Board at this meeting and solicit their action in some way the most promising to secure a correct understanding of the subject. In my view, the most complete plan which would suit the case, is to make your minimum binding upon all our members and their representatives simultaneously, and standing where this office has always been found, ready to take note of the wants and the opinions of the local agent as it has of the views and the extended experience of the companies, the opinion is here expressed after viewing the subject from both standpoints, that it will be a measure of both interest and value to either party, and one more conducive to the harmonious working of the rate question on all hands—under your present mode of granting exceptions thereto in the more favored localities for reasons already recorded—than any ever before attempted, as it equally recognizes the experience of the Companies and the views of the Local Agent, and tends to a union which is not only practicable, but is a warranty of a successful business to both parties. Under the application of this rule, too, would be found protected the interests of the Local Agents in these localities where the risks insured are not under the jurisdiction or the notice of any Local Board, and, strange as it may ap-

pear, a large and valuable portion of our territory is thus exempt from any local corporate action, and a measure of the kind now recommended appears essential to the prudent and uniform conduct of the business.

It is not needed here that a statement be added to affirm what I have said in previous reports as to the value and importance of the Local Board organization not only to the Local Agent but as well also to the interests confided to him. I have seen nothing in their general operations but that which strongly confirms former remarks as to their tendency to greater conservatism and better practice in underwriting; and I trust this reference to the subject will be in itself of sufficient urgency to impress upon our members the great necessity that lies upon them to renew, from time to time, their views to their local representatives on this matter, and advising them unequivocally that the existence of the Local Board must be sustained and strengthened, that personal feelings and misapprehensions must be in each and every case subservient to its welfare, and that all its concerns must be regarded in the light of affecting, for good or for evil, an association of professional men which should serve only to unite and not to separate its members. To demonstrate our interest in these bodies, we shall continue to incite their members to renewed zeal in their perpetuation, and we shall expect to have on file, by the end of another twelve months, a report from each as to their standing and their welfare. And if from any local or other causes, weakness is shown in any one of them, or inaptness or unwillingness on the part of the members to give any time to the meetings, we shall not refrain from suggesting to our Companies that they seek, by direct and stated inquiry, from their representatives, information as to their attendance at Local Board meetings, and if absences therefrom are frequent and without reasonable excuse, to see to it that they find some one who will faithfully represent them in such meetings. The Company and the Agent have a mutual interest in this Local Board arrangement; if the latter fails to see its advantage, and abstains from participation in its counsels and deliberations, he is neglecting *his duty* to his Company, who places a reliance on him in

these measures, which he will forfeit when the Company finds it is repeatedly, and perhaps continuously, left without a voice in the meetings of a Board in whose territory it may have large interests at stake.

Mr. Chairman, for your support and counsel in the twelve-months now past, and to the officers of the Board, among whom I cannot forbear to allude particularly to the President, and also to the members of the Executive Committee, I return my thanks; and beg to assure you all of the gratitude I feel that my office has retained your sympathy and your aid during a very eventful period of our history; and I must testify to the members of the Board that if any faithfulness has been found in its administration, it has been due to the example I have learned from your performances of the share of our work devolving upon you.

Very respectfully,

THOS. H. MONTGOMERY,

General Agent.

NEW YORK, April 22, 1874.



oil should be obtained direct from the manufacturers or from their authorized agents, in order to insure the purity of the article and guard against its adulteration.

On motion, the minutes, as amended, were then approved.

On motion of **Mr. BAKER**, the courtesy of the floor was extended to Vice-President Jillson and Secretary Skilton of the Phoenix Insurance Co., those gentlemen being present.

The **CHAIRMAN** presented a letter from **Mr. J. M. Rankin**, asking for an extra copy of the report of the Committee on Statistics for the Glasgow office of the Scottish Commercial Insurance Co.; and the request was granted, the usual restrictions to be complied with. An application to the same purport for a copy for the Royal Insurance Co. was likewise granted.

The **CHAIRMAN** presented an invitation from the Boston Fire Underwriters' Union to the Executive Committee, to hold its next meeting in that city.

On motion, the invitation was accepted, it being understood that the September meeting should convene there on the call of the Chairman.

Messrs. Stephen Crowell and E. A. Walton, delegates appointed at the last meeting to the meetings of the Northwestern Association and Southern Association at Louisville, held on May 22, reported verbally the result of the visit of the delegation.

The **GENERAL AGENT** read a letter from the home office of the Royal Insurance Co., of England, addressed to their American general agencies, recommending them to support the National Board organization.

The **GENERAL AGENT** then read his report, as follows :

MR. CHAIRMAN AND

GENTLEMEN OF THE EXECUTIVE COMMITTEE :

I have to advise you that Mr. W. S. Denny and Mr. Chas. H. Ford have accepted the appointment of Supervising Agents conferred upon them at your last meeting, and they entered upon their duties the first of this month. Mr. Denny visited the Hillsborough County, N.H., Board, devoted three days, in company with Mr. Peetrey, in harmonizing the differences existing in the Local Board of Buffalo, which were based upon the new tariff now ready for promulgation ; a day at Syracuse ; two days in this office, meeting with your Provisional Committee ; attending a trial of a member of the Worcester County Board, which, with a rehearing, consumed two days ; and visited Boston and Providence. Mr. Ford began his duties in giving some assistance to your western Committee in Ohio, and has reported for duty at this office.

Mr. Peetrey visited sundry points in New York prior to May 16 ; attended the meeting of the Northwestern Association in Louisville ; and, since his visit to Buffalo, referred to above, has visited several points in Pennsylvania. Mr. Smith has, in the service of the Western Committee, been actively engaged, and has attended the trial of two agencies.

The Committee consisting of your New England members and known as the New England Provisional Committee, to which is added Mr. Kellogg, organized on May 22, with Mr. Hendee as Chairman, and in the supervision of rates in that field, which has been intrusted to them, have materially facilitated our operations in that direction.

The hope can here be recorded that upon due call the Companies, our members, will respond by allowing the assistance of their Special and Adjusting Agents in the matter of local ratings. Our Supervising Agents will welcome such co-operation ; and while the District Committee system, as such, appears no longer operative, yet it is believed that the members of those Committees need only an intimation from you that you will receive their suggestions and welcome their assistance, to be found greatly helpful at this time. This can be expressed by you without any general promulgation of your views, as other means can be found to convey a sense of your action thereon. This suggestion bears closely upon the application of our mill standards, which these intelligent field agents can readily apply on our behalf ; and it is to our interest to promptly give the assured all credit for improvements in their risks.

Messrs. Crowell, Walton and Willmarth, with the General Agent, attended the meetings of the Northwestern Association, and of the Underwriters' Association of the South, in Louisville, on the 20th and 21st May ult. Chairman Crowell, it is trusted, will make a report, not only of his visit to those bodies, but also of the further tour of the delegation to the cities of St. Louis and Chicago.

The question is in place here of the expenses of these and similar associations, necessarily incurred in the printing of their stated proceedings. The annual dues of the members may not in all cases provide for this, and your officers will need some instructions upon this point. In the case of

the proceedings of the late meeting of the Northwestern Association, they will contain several reports of great practical value to the profession, embodying as they do the suggestions of many thoughtful field agents, and are of such a suggestive character that incitement will be had among the whole corps of specials to devote more time to the professional side of their business, if their printing can be arranged by your Committee.

The Committee on Incendiarism and Arson expect to be represented at this meeting by one of its members, to submit some propositions to you. In this connection I present a letter from General Agent Stoddart on the subject, in connection with a reward recently offered by your Provisional Committee. I also present some correspondence relative to the reward of \$1,000 in all, recently offered by your Committee for the detection of incendiaries, at Williamsport, Pa. A reward of \$500 was offered on the 28th of April last, and an additional sum was offered of like amount on June 1st, but pending this latter, and unknown to your Committee, a prominent agency firm offered a reward of \$1,000, under date of May 25, which was duly promulgated, but the notice of which did not reach your Committee until the 15th inst. This firm stated to the Local Board that they so offered the reward with the intention of withdrawing it when the National Board stepped in with its reward. Another case is brought to your notice where a Special Agent of one of our members offered in the name of his Company a reward of \$500, and duly advertised the same, with the expectation that the National Board would reimburse the Company.

The Committee on Gas Machines have concluded their report, and present it now for your consideration.

The report of Messrs. Peetrey and Denny, on their recent visit to Buffalo, is submitted herewith. These gentlemen also presented verbal statements of their visit to the agents in that city, to your Provisional Committee on the 12th inst. It is trusted that the suggestions conveyed by these gentlemen to members of the Board on authority of the Provisional Committee, will result in the confirmation of the new tariff, with a slight amendment, and the return to the Surveyorship of Mr. Churchill as well; also certain restrictions of Local Board expenses.

It will be found very helpful to us in leading localities could the Surveyors of the different cities so arrange their duties as to attend to the surrounding territory. The plan has been proved, and found to work well, as is instanced by the fact that the Surveyor of Syracuse can give efficient attention to the cities of Auburn and Rome, the Boards making the arrangement between themselves of sharing the expenses of the Surveyorship. By recognizing at this time the value of such a plan, we would induce other Boards to make like arrangements. On the suggestion of your Western Committee the cities of St. Paul and Minneapolis now employ the same Surveyor, and thus an economical arrangement is secured. The Surveyor of the Louisville Board is frequently called upon to survey risks at New Albany and Jeffersonville. The plan could be introduced, with great promise of success, at other points; and at the present moment there are localities in the Eastern States as well as in the Middle States where the

appointment at an early day of an efficient Surveyor would do more to sustain united and adequate rates than any other system now thought of. The officers of the Board have generally affirmed the establishment of these officers, believing that economy as well as good practice was served by it. With your system of Supervising Agents, you can be advised promptly of the most likely places where propositions looking to the introduction of this plan would be furthered, and your voice heard in the selection of a proper officer. We should largely encourage a class of Surveyors whose intelligence would lead them to give attention not only to the construction of buildings, but the establishment and enforcement of good Fire Departments and efficient Water Supply, and whose knowledge and discretion would make them the professional advisers of their respective Local Boards, and thus sustain in good form our varied interests in such localities.

Papers regarding the state of affairs in the Local Board at Canton, O., are herewith submitted on reference from the Provisional Committee and the Committee of Co-operation. Some entire change of matters here is required by the exigencies of the case and of the times, thus securing an influence which will be much more than local. Visits of our Mr. Peetrey, and more lately of our Mr. Smith, appear only to give fresh testimony to the need there is of some action here, which is recommended by the Committee of Co-operation.

Your attention is called to certain correspondence had by the officers with two of our members on the subject of Local Board membership. The Buffalo German Insurance Company recently withdrew from the Buffalo Board, and her Cincinnati agency has been disconnected with the Local Board of that city for over a year, and now we are advised that her Agent has withdrawn from the Local Board at Albany. The other is the case of a Boston Company whose Local Agent in a city in New England has not yet attached himself to the Local Board.

A letter from the Baltimore Board is submitted referring to some unauthorized persons now visiting that city who appear to be asserting their influence to secure a certain reduction of rates on sundry special hazards in that city.

The Norfolk Board desire to institute a system of fire patrol, and under date of 8th inst. a member of the Local Board writes us of their plans.

A tariff for the city of Raleigh, N.C., is herewith submitted, together with Mr. Peetrey's report on the same. It is made upon a basis rate of \$1.25 for B buildings.

A request is presented from one of our members that a basis rate be given for saw mills in the State of Florida. In view of their continuous use, it is deemed that a higher rate is called for than now prevails in the northern lumber regions.

Your Provisional Committee submit to-day a proof of a table of minimum rates, principally on mercantile risks, agreeably to the suggestions of your last meeting. It is believed these will give us efficient aid in perfecting and unifying tariffs of adjoining localities, where present diversity only operates to confusion and to the disturbance of a safe business. It is sug-

gested that the figures now presented be made applicable to the States of New York and Pennsylvania, or such parts thereof as may need early attention in their local tariffs. Your Supervising Agents desire, for their own guidance, some such plan as this, as it will materially facilitate them in their recommendations to Local Agents ; and it is a plan, indeed, which is simply one of conformity to the resolutions of the Board at the last annual meeting on the subject.

The matter of a tariff for the city of York, Pa., is still under consideration. Mr. Peetrey visited the city on the 11th inst., with a view to a consultation of all the Agents upon the same, so as to secure a full report at this meeting. In this he was disappointed, and the matter will lay over, unless you direct otherwise. I submit, in this connection, an additional report from Mr. Peetrey on this place.

A letter is submitted herewith from one of our members inquiring as to the practice of our members generally on the subject of commissions or brokerage on dwelling risks and on buildings occupied as stores and dwellings, and alleging that information shows that some of our members are granting a greater commission on the risks named than authorized by our rules.

On motion, it was directed that the report be taken up in order.

The first matter was embodied in a letter from the New England Provisional Committee, suggesting that in cases where it might be desirable or necessary to have the services of the Special Agents of Companies in rating, that application be made direct to the Companies for such service.

On motion, it was so ordered.

The GENERAL AGENT referred to the expense of printing the proceedings of the recent Convention of the Northwestern Association, which it had been stated would not be entirely met by the dues paid by members ; and, on motion, it was voted that the National Board contribute in part to the payment of such expenses, subject to the approval of the General Agent and the President.

The subject of rewards offered at Williamsport, Pa.—the one of \$500 in the case of Brown, Early & Co.'s lumber yard, and the supplementary one of the same amount—was reconsidered on a statement presented from the Local Board. A

suggestion that the second reward of \$500 be withdrawn, and that in lieu thereof we assume the reward of \$1,000 offered by an agency of that place, to be made general for the conviction of the supposed incendiaries now under arrest at Williamsport, not more than \$200 to be paid for the conviction of any one person, was referred to the Provisional Committee, with power to carry out the suggestion, should they after examination decide so to do.

On motion, a circular was ordered to be addressed to Companies and to all Local Boards, stating that the National Board will assume the payment of no rewards offered, unless done by the authority of the Executive Committee over the signature of the proper officer, as provided by the resolution creating the Incendiary and Arson Reward Fund.

A request for the Board, to assume a reward offered in Kentucky by a Special of a Company was declined, and the matter was referred to the Company in interest.

A request from one of the members for an increase of a reward offered (\$250) in a case at Windsor, Mo., was declined, the view of the Provisional Committee as to the amount which it was desirable to offer being confirmed.

In this connection, the following general resolution was adopted:

Resolved, That where applications are made for offers of rewards for the conviction of incendiaries, the Provisional Committee are instructed to gauge in each case the amount of the reward to be offered, by the value of the property actually destroyed or endangered by the fire.

Mr. Dwight R. Smith entered.

Mr. JILLSON, from the Committee on Incendiarism and Arson, addressed the Committee, and recommended in their behalf the offer of a general reward of \$1,000, to apply to every case of conviction for arson. After discussion, the matter was postponed until the September meeting.

Mr. OAKLEY, from the Committee on Patents, Gas and Gas Machines, reported progress.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THEIR ROOMS, 156 BROADWAY.

NEW YORK, September 22d, 1874.

The meeting was called to order by the Chairman, at 11 o'clock, A. M., pursuant to notice.

On the calling of the roll, the following members answered to their names:—Messrs. Crowell, Platt, Baker, Rouse, Smith, Walton, Heald, Bennett, Oakley, and Hendee. General Agent Montgomery, Supervising Agent Ford, and Mr. W. S. Davis, of the Insurance Company of North America, were also present.

The minutes of the second day's session of the Hartford meeting of June 18th and 19th were then read and approved. The minutes of the meeting of July 24th were also read, and, after amendment, they were approved.

The Provisional Committee minutes of August 5th were then ordered so amended that it should appear, in accordance with the fact, that Mr. Lumbard having declined to accept the position of Western Supervising Agent, Mr. I. S. Blackwelder was appointed.

A letter was then presented from Mr. Bigelow, expressing regret at his unavoidable absence. Also one to the same effect from Chairman Case, of the Committee of Co-operation, who had been invited to attend.

The President made a statement as to the condition of the finances of the Board for the information of the Committee, which was accepted and ordered on file.

The General Agent then presented the following report :

GENERAL AGENT'S REPORT.

MR. CHAIRMAN AND

GENTLEMEN OF THE EXECUTIVE COMMITTEE :

In the two months which have elapsed since your last meeting many subjects of interest to the National Board have come to our attention, to which I will, as briefly as possible, direct your notice at this time. The operations of the office have proceeded with regularity and uniformity, and have, notwithstanding the season, been of the usual active and engrossing character. While the office work has been of this character, the out-door work of our representatives has increased in importance and value, with beneficial results to the business of our Companies.

Mr. Peetrey has been engaged in Pennsylvania and New Jersey, principally through the summer, and has just returned from a visit to certain cities in Georgia and Alabama and North Carolina, and his reports are submitted herewith. He also, in company with Mr. Denny, made two special visits to the Buffalo Board in the matter of the surveyorship of that Board. He also has attended the trial of two agencies, members of the Cincinnati Local Board, and his reports thereon are before you to-day.

Mr. Denny has likewise been actively engaged during the past season dividing his time between New England and New York State, in assisting local agents in rating, in remedying complaints of Local Boards, and in other matters connected with the duties of his position, which are quite pressing. He also visited Baltimore last month, to examine the different mills in that city and vicinity, and his report thereon is herewith submitted to you.

Mr. Smith resigned his position as supervising agent, having been elected Secretary of the Traders' Insurance Company of Chicago, which Company, simultaneously with the acceptance of his election, became a member of the National Board. His resignation in our service took effect on July 1 last. Before presenting his resignation, he submitted the matter to your Provisional Committee, and, in view of the retention of his aid and co-operation on our behalf in a new field, and the influence he exerted in

bringing the Traders' Insurance Company into fellowship with the National Board, it was voted that while they should part with Mr. Smith with regret, yet they would interpose no objection to his acceptance of the position tendered him. Mr. Smith's efficiency in office had been greatly instrumental to the extending and furthering our interests in the West, and the success of our operations in that large field, during his official term, have been largely due to his experience as an underwriter and his personal popularity.

To fill this vacancy your Committee, at the meeting of July 24, nominated Mr. S. Lumbard, and a correspondence was directed to be had with the Committee of Co-operation upon the same, and leaving the appointment with the Provisional Committee. This correspondence was had, when it was found that the Committee of Co-operation had, under resolution of their meeting of June 30, entered into communication with Mr. I. S. Blackwelder upon filling the vacancy, and negotiations were completed before the action of your Committee was had. Owing to these circumstances, your Provisional Committee had an interview with Mr. Blackwelder, and, under the authority delegated to them, appointed him Supervising Agent, the appointment dating from August 10, and he was immediately assigned to duty under direction of the Committee of Co-operation. He has been actively employed since, has attended trials of agents at Indianapolis, Minneapolis, and at Lexington, Mo., and has visited several Local Boards, with a view to assistance in their ratings.

Mr. Ford's duties have been mainly confined to this office, in the superintendence and examination of rates, and in the direction of our Special Agents. He has visited Passaic, York and Washington, the latter place twice, on one occasion being in attendance on the trial of a local agent.

Of our Special Agents I beg to report as follows: Mr. Knudsen has been occupied daily in revising and making rates in Pennsylvania; and, had time permitted, would have accomplished the rating of important points other than those already covered. Besides the completion of tariffs of entire localities, his attention has been directed to fixing rates on detached special risks, which have consumed some of his time.

Your Provisional Committee, at their meeting of August 1, authorized the appointment of a special agent for rating in the State of New York, the appointment not to continue beyond October 1. Under this authority, Mr. James Griswold was appointed, and has been diligently at work, and has visited various localities in the State, giving attention to review of local tariffs and also in rating detached risks, special and otherwise, which we have been requested to examine, with a view to revision of rate on account of improvements, etc. As his efficiency has commended itself to us, and his appreciation of the needs of the work in hand shows him exceedingly apt for the duties imposed upon upon him, I ask the continuance of his services, and trust your officers will be authorized to make a further appointment of Mr. Griswold as Special Agent. We find it necessary to have some one steadily engaged in order to meet the wishes of local agents. When representations are made to us of improvements in risks, it is to the interest

of our Companies that early attention be given the same, and wherever we have been able to do this, we have found it has led also to the satisfaction and welcome of the local agent.

Such a special agent as is now operating for us in New York and Pennsylvania would prove very helpful to us in New England. It may be, however, that should Mr. Griswold's term be extended, that ratings in this State would be placed in such a condition that he could give local attention in New England in such cases where Mr. Denny has not the time to perfect the details of local rating.

The Committee of Co-operation have now under their direction as special agents Messrs. J. B. Rowley, Edward B. Easton, George M. Winwood and L. Coon. Mr. Rowley's appointment was made at their May meeting; Messrs. Winwood and Easton at the July meeting; Mr. Coon's appointment is for temporary employment at discretion of Chairman. Mr. Winwood's special field is the State of Ohio, with which he is very familiar. Under date of July 10 this Provisional Committee voted that the Committee on Co-operation be empowered to employ not over four additional raters at not to exceed \$150 per month. This antedated the employment of Messrs. Winwood, Easton and Coon. The Committee advises us this day that Mr. Easton has been relieved from duty at his request, and that Mr. George Crooke has been temporarily employed for purposes of applying ratings in Iowa.

An event occurred since your Hartford meeting, namely, the fire of July 14, in Chicago, which has formed the object of chief attention by our members up to this time. The circumstances attending the consideration of all the points brought to view by this conflagration are familiar to all, as the lively interest taken in them by our members warrants the belief that they have one and all made close observation of the developments which this event has produced, as seriously affecting the interests of our Companies in the most important Western locality where their business is planted. But a brief review here is in order of the official steps which have been taken by your body and your representatives, as well as by the Chicago Local Board, in the matter.

At a meeting held on July 24, for the consideration of the emergency, it was unanimously voted "to recommend all Companies, members of the Board, to discontinue the business of Fire Insurance in the City of Chicago on and after the first day of October following, unless" certain protections and reforms be at once instituted in that city. These were six in number, and need not here be recited again.

Three days after this meeting—namely, July 27—President Oakley telegraphed to Chairman Case, of the Committee of Co-operation, in relation to the above requirements, thus: "You have authority from the National Board to secure the requirements contained in printed proceedings sent Saturday [25th]. Decision of Companies in this action is final. The resolutions do not supercede call for extra patrol; but if it cannot be accomplished through city authorities, we must have it to protect pending interests. Companies here thoroughly alarmed. Eleven already withdrawn."

It remains for you at this time to review the situation and to see if any of the points thus required of the local authorities have been accomplished or are in process, and whatever the results of your deliberations, to so express them as that our members will be definitely advised how to act in the premises. While this office has no reliable information showing that the needed reforms and protections are being on the way to accomplishment, yet the assurance can be given you that all our members are awaiting with eagerness your action, and will, if you decide to re-affirm your recommendation for withdrawal, comply with the same in such number as will effectually convince the citizens and underwriters of Chicago of the sincerity and purpose of your action of July 24.

At that meeting the question of rates to provide for the immediate deficiencies of the situation was discussed, and the same was referred to the Provisional Committee, in the expectation that the Local Board of Chicago would be prepared shortly to submit some plan of an advance of rates which would accomplish what was desired. And at a meeting of the Provisional Committee, held on August 1, "the matter of the Chicago Tariff was referred to the officers of the Board with power."

On July 30, during the regular monthly meeting of the Committee of Co-operation held in Chicago, that Committee "proceeded to consider the "immediate demands of the Insurance interests in Chicago," which resulted in their agreeing upon certain charges for deficiencies in building construction and in water supply, also for hazard of occupancy, additional to the existing Tariff of the Local Board. These were received at this office on August 3, and it was deemed best to submit the figures and charges thus presented to the members of the Executive Committee as well as to officers of other Companies largely interested in Chicago. The expression of opinion which resulted was favorable to the same, although the majority deemed that a higher coping wall should be secured, namely, a wall of five feet instead of three feet, and a charge should be made for iron shutters in front. After obtaining this opinion, the officers of the Board, under the authority delegated to them as noted before, voted to embody the charges for building deficiencies upon the existing Chicago Schedule, at the same time otherwise reshaping the same, and naming the 15th day of September in which the same should become operative and as rapidly as the staff of the Local Board could make application of the same. The charges for deficient water supply were amended, and also added to, in order to embrace a charge for service pipes less than 12 inches, the plan of the Committee of Co-operation calling only for a maximum pipe of 8 inches; this was to become operative on the 15th August. This action of the National Board was communicated to the Local Board under date of Aug. 11, and the President of the Board acknowledged the same on the 14th when he wrote that he "would see the same was duly presented."

On representations made to us by a member of the Committee, and confirmed by a conference with some of the Companies whose officers were within reach, and in the absence of the members of the Executive Committee, a modification was agreed to of the charges for water supply,

so as to leave them substantially as the Committee had recommended, with the proviso "that large intersecting pipes not less than sixteen inches in diameter connect at intervals of not exceeding twelve hundred feet." At the same time, there was no change in the items of coping walls and iron shutters in front. This amended action was duly certified to the Local Board under date of the 22d, and was presented at a meeting of the same held on the 27th, referred to later.

In the meanwhile, the Committee of Co-operation, holding their August session in Chicago, on the 25th and 26th, the "consideration of Chicago matters was taken up, and, after discussion, it was resolved that the Committee appointed at the last meeting of the Chicago Local Board, in regard to the recent schedule tariff promulgated by the National Board, be invited to meet with them to confer about the charges and additions to the present rules and tariff of Chicago, which are demanded for the interests of the Companies." This conference was had, and "after a full discussion, the adoption of a resolution was had, requesting the Local Board of Chicago to adopt the recommendations of the Co-operative Committee, passed at the meeting of 29th July, so as to go into force on September 1st."

This action was had on the 26th August; and the day following, at a special meeting of the Local Board, the recommendations of the Committee, as originally presented to the National Board by them, were unanimously adopted by the Local Board—members of the Committee being present to assist in any explanations that might be called for.

Some days subsequently, the above action formally reached the notice of this office, and on the 3d inst. the President of the Local Board was addressed enquiring as to what disposition was made of the instructions sent to the Chicago Board through this office on the 11th and 22d August—to which he replied on the 4th, stating some of the points above named, and adding "This substitute was, the amendments adopted by the Co-operative Committee of the National Board without modification. And I may add that the action of the Board had the cordial support of all the members of the Co-operative Committee. They were consulted formally before action was taken."

This letter I present herewith, as also one from Chairman Case, under date of August 28, stating the reasons which prompted the Committee to this course, it being called for in their view by the urgency of the occasion. He states: "The Committee deemed it very important that there should be no more delay, important that a stimulant should be administered to the public while the authorities were discussing the question of appropriations for additional water supply—hence, without waiting for further conference with the officers of the National Board, the Committee presented the suggestions to the Local Board." Letters are also presented from Secretary Lyon, stating in full the reasons which led the Committee to present their suggestions originally.

While the fire of July 14 led to the action of your Committee noted above, the fire in State Street of July 21 added further alarm in the consideration of the deficiencies in the water supply, the Fire Department, as

well also in building construction, of the City of Chicago. The special Committee of your body who had at that time the maturing of a plan by which it was hoped certain reforms could be accomplished, telegraphed to the Local Board a requisition that an additional patrol force should be promptly formed for the surveillance of the business district ; in compliance with this, a force of twenty men was formed and placed under the direction and command of Captain Bullwinkle, who patrol the business district embraced between the Lake, the South Branch of the River, and Harrison Street. The efficiency of the operations of this body of men is testified to by no less than nine fires which have been detected by them in their incipiency. The local police is widely scattered in the district referred to, while this temporary patrol has but four blocks given to each man ; and with their attention solely given to look out for fires, it would seem that the interests of underwriters should, so long as they write in that city, call for the continuance of it. Its expenses must be met from the funds of the Local Board, as the funds of the Chicago Patrol, the assessment for which for a twelvemonth was laid July 1, cannot meet them from the treasury of the current year. It is hoped that in the increased force which is about being added to the Police Department of that city, that a reasonable portion of it be assigned to duty now patrolled by your temporary force, and thus relieve the Companies from a burden which should strictly be a municipal burden.

The union of the Local Boards in Rhode Island, which subject was referred by you to Supervising Agent Denny, has had his attention, and he met with the Providence Board on June 16. A local committee was appointed to seek a conference with the members of the different Boards interested, and their report is herewith presented, affirming the desirability of such union. Mr. Denny attended a meeting of the Providence Board on the 4th inst., with a view of making up a report based upon the recommendations of this Special Committee, but other matters of interest presented themselves for consideration, the settlement of which is needed before your attention can be directed to the formation of a new Local Board, embracing the greater portion of the State of Rhode Island. And these are as follows : By the reference to the New England Provisional Committee of all New England ratings for their examination and approval, those submitted to us from the Surveyor of the Providence Board consequently took the same reference. With a view to facilitate the examination of the same from time to time by the Committee, a request was made from this office that a copy of the new Providence tariff be forwarded to the Committee in Hartford ; this was supplemented by a request from Chairman Hendee. But the Local Board, after due consideration, declined these requests, although a copy of the Tariff had been forwarded for the files of this office ; the reasons for this course are presented in a letter of Secretary Armstrong, under date of August 25, herewith. It is claimed that under the operations of their system of rating, which has for its foundation the Schedule plan, although the structure does not in all cases carry out the features of the Schedule, and also under the operations of their resolution of July 15 last, namely, "That rates shall not be changed by the Executive Committee [of the Local Board]

except for increase or decrease of hazard, or for error in original survey of Surveyor"; that the same needs no review or approval of outside parties. While the resolution referred to secures a faithful attention to proper ratings for increase or decrease in hazard of risks in the hands of intelligent men, it may be a question how far your general interests in New England would sanction an exception to our well-appointed rule, however much you might be disposed, out of courtesy to the seven of our members who are members of that Board, to depart therefrom. In addition to the question of reference of their rates there is another which here deserves notice. The New England Committee had felt free to call upon the Surveyor of the Providence Board to make surveys and special ratings located out of the jurisdiction of that Board. As the risks to which such attention was asked were altogether in the hands of members of that Board, the Committee did well in so submitting them to the examination and report of the representation of that Board, which Surveyor Griswold always promptly attended to. But at the meeting of the Local Board of the 7th ult. it was "Voted, That the duties of the Surveyor be limited to the territory under the jurisdiction of this Board." It has been stated to me by members of the Board since, that Surveyor Griswold's duties in that territory fully occupied his time, and that by giving his attention to outside matters, had interfered somewhat with his legitimate duties. If this is the case, an argument would here lie against making any extension of territory covered by the Providence Board, if the Surveyor's time is fully occupied in its present limits.

Some of the rules of the National Board appear to admit of qualifications under certain circumstances, such, for instance, on Night Work, where the letter of the law would appear to preclude certain exceptional alterations which do not materially add to the hazard of the risk. There is, however, a difference of opinion often among some of our members as to whether any hazard strictly arises which is an infringement of the rule, while other members contend there is. It is only wise to allow of such exceptions to any of our rules, but the point must be borne in mind that, to prevent controversy and often misunderstanding, there should in all cases be made a reference of the point to your Committee for decision, and by which our members should be governed. A case recently occurred where some of our members declined a policy granting a certain night work privilege, in which view, under the wording of our rule, they were sustained by this office, when subsequently it was found that others of our members had freely passed the risk and made no charge for the privilege. A rule is one thing, and judgment as to the hazard of a permit is another; but it seems quite clear that some recognized authority should be the interpreter of what is or what is not the proper construction of a rule; otherwise the exercise of individual views upon the rule will in time tend to weaken the observance of it.

One of our members, represented by an agency in another city, presents charges against another member who is represented in the same agency of paying more than fifteen per cent. commission on its business in that city. The answer to this is, that the Company paying this extra commission has a long standing arrangement under which the agents are their General

Agents for the State, and the compensation allowed by the Company is the same for all portions of the State, the city referred to included. The question is now referred to you to decide whether such arrangement, namely, a general agency located in a city getting more commission on local business than named in the National Board rule, is a violation of that rule. In a Western city, one of our members is cited of paying more than fifteen per cent. commission on dwelling risks.

A petition is presented to you from the last Annual Convention of Manufacturers of Flour and Meal, respectfully stating that, in their view, the present rates on Mills are excessive, and soliciting your request calling upon our members to furnish their statistics on the Flour and Grist Mill business for the last five years.

The correspondence on Legislation and Taxation with this office continues interesting, and is referred to the Standing Committee, the Chairman of which gives earnest attention to the subject, and in view of the approaching legislative sessions of various States, where local laws bearing upon insurance interests may be acted upon, some interesting correspondence is on file bearing on the work in the Southern States, where in any efforts for the amelioration of oppressive or inequitable laws we may rely on the cooperation and assistance of the Underwriters' Association of the South.

Your action at the June meeting, calling for a tax of ten per cent. on premiums on Mobile policies and five per cent. on those in Montgomery, Alabama, became operative on the 1st instant. In the former city, an attempt is being made to revise the tariff, which, it is promised, will embrace in substance the percentage of increase now called for, but to this the objection is presented that by so doing the Boards of Underwriters in Mobile will prevent the policy-holders from recognizing the cause and the object of this requirement, namely, the excessive taxation to which Companies are subjected when employing their capital in that city. The Montgomery Board voted a material reduction in their tariff, namely, 50 cents on business risks, in view of improved water facilities, and then, upon the reduced tariff, adopted our requirement of five per cent. This reduction was disallowed until an examination could be had in due form, under our rules, of the water facilities, and this has been done by Mr. Peetrey, whose report is now before you, recommending a concession of 25 cents on Mercantile risks, and certain concessions on other specified risks, and your assent to the same will be welcomed by the Local Board.

Mr. Denny visited Baltimore in July and surveyed some of the Mills located in that city and vicinity, at the request of members of the Local Board. His report is now before you, and makes some valuable suggestions, and the rates on the seven Mills examined the Baltimore Board would be pleased to have you convey to them for their guidance. The National Board Standard has not been applicable in that vicinity, but Mr. Denny compared the local ratings with the results made by that standard, and the comparison evidences very judicious rating in the local tariff, not varying materially from the standard.

The Washington Local Board, at a special meeting held on the 16th inst.,

elected Messrs. Tallmadge Bros. to membership, and thus it is hoped a settlement is reached of a controversy of long standing.

The minimum ratings on Tanneries made by the New York and Pennsylvania State Boards, and approved by your Committee, it is alleged have been deviated from in numerous instances by some few of our members. As very few of our members issue policies on this class of risks, there has been less interest felt in maintaining the minimum on this risk than on any others. While specific cases are not furnished to this office in support of such complaints, yet it is evident that such is the case. Correspondence has failed to elicit definite information, but the replies or absence of reply would appear to confirm the representations made to us. Local agents also complain of losing their policies, and assert that the business is being written in this city.

Some suggestions are presented herewith from one of our members as to modifications of rates on certain business buildings in the city of Nashville. It appears that the Committee of Co-operation had this subject in a general way before them at their June meeting, and the concession of rates on the risks referred to was declined. The suggestions are now presented from a source which entitles them to a careful consideration, and as some of the figures may show different results on buildings and contents as compared with the Tennessee minimum, it will need your formal action to sanction such.

A petition is presented herewith, asking for the sanction of a Fire Patrol in Nashville, to the formation and support of which the subscriptions of our Companies are desired. Accompanying the application is a letter from Chief Stockell, which gives some estimates of the cost, etc.

The Toledo Local Board have put on record their desire to omit Dwellings from their Tariff, and Secretary Crum's letter of August 18 is herewith presented, asking if consent would be given to waiving the rating of dwellings.

In this connection, this office would ask an expression of opinion as to whether the rules of our Western Tariff, as adopted in December, 1872, and amended in February last, are obligatory upon risks in that city. It appears that by your various action, Toledo having its own system of rating which has been approved, is exempted from the operations of our minimum tariff; but you have not recorded any action upon the rules referred to and added to such tariff.

I am forced to the unpleasant duty of asking your attention to a matter in Cincinnati which if not now altered will serve materially to affect our welfare and our interests in the sight of the community of that city. This is found in the incapacity of the Secretary of that Board, the notoriety of which has reached us from many sources, and upon which two of our Supervising Agents have reported. We are forced to this formal reference to the matter, as private efforts have entirely failed. As early as last May, Supervising Agent Smith and I had a long session with a Committee of the Local Board upon the subject, the result of which was the creation of hopes that the incumbent would

heed the personal advice made to him by some friends, and by a timely resignation relieve us of the painful necessity of thus presenting his case to the Companies, who, we feel assured, after a knowledge of the situation, will feel they are not justified in contributing further to the salary of a gentleman who is so unfortunate as to bring discredit upon the Local Board, and who often for half the day is disqualified from an intelligent performance of his duties.

The St. Paul and Minneapolis Local Boards have adopted, subject to approval, certain amendments to their By-Laws in regard to deviations of rates, commissions to other agents or brokers, and holding agents responsible for the acts of their solicitors.

The Special Committee appointed at your last meeting to examine and report upon the interests of our members at Canton, O., duly met there, and submitted a report, which was put in print and distributed to Companies. The Committee being unable to accomplish a retraction of the erroneous acts of certain of the agents, or any pledge for their future adherence to our rates and rules, united in a recommendation that Mr. John F. Clark and Messrs. Huntington Bros. should lose their Companies, which recommendation is in process now of accomplishment. They recommended also a review of rates in Canton, which has since been performed by a Special Committee, Messrs. Marshall & Bliven, who have reported a review of certain special hazards in Central Ohio which have been acted on by the Committee of Co-operation and duly promulgated.

One of our members calls our attention to the desirability of completing the tariff in Dayton, Ohio.

I have to report the Buffalo German Insurance Company as in continuance of their exceptional attitude in regard to the Local Boards of Buffalo, Cincinnati, and Albany, which by their letter of 19th ultimo herewith presented, they appear to accept as their disconnection with the National Board.

The Fireman's Fund Insurance Company of New York has been remonstrated with for continuing its Albany Agency in the hands of a non Board firm, but to our several communications on the subject we have failed to elicit a response.

The Manufacturers Fire and Marine Insurance Company of Boston were communicated with on the subject of your action in June last regarding the Agency of that Company in Portland, Me., and their attention directed to the rule calling upon our members to sustain Local Boards at all points; but no acknowledgment of the same has been received, and the Agent of the Company remains still unconnected with the Portland Board.

The accession of the Traders Insurance Company of Chicago in July last is known to all of you; in the manager of that Company we have one of our most earnest adherents.

The New Orleans Insurance Company applies for admission to membership.

The Albany Local Board, under date of 9th instant, ask for a formal examination into Agency Books of Members of that Board, in order to

ascertain primarily the disposition of some leading risks in that city, which have been placed below Board votes, and which the Board is of the opinion could not have been so placed without the aid of some one or more members of the Board.

Frequent requests have come up to us from faithful members of the Cincinnati Board for a like examination of Agency Books, and it would be in order for you to grant authority for the same at this time.

On motion, the report was accepted and the same directed to be taken up in order for action.

A review of the work of the Special and Supervising Agents of the Board was had. The President made a statement concerning the satisfactory character of the work thus far accomplished, by Mr. J. Griswold, in New York State.

On motion it was resolved that the services of Mr. Griswold be continued in New York State during the pleasure of the Committee, and instructions were given as to the rate of salary to be paid him from and after October 1st.

On motion, the further employment of Mr. Theo. Knudsen in the State of Pennsylvania was referred to the Provisional Committee, in connection with the Philadelphia members, with power.

A letter was presented, criticising the rating of a special agent of the Board at Sterling, Ill., and, on motion, the matter was referred to the Committee of Co-operation, with instructions to examine into the same, and report to this Committee.

The President called attention to the fact that the compensation allowed by the Committee of Co-operation to certain special agents, now rating in the Western field, was in excess of the limit for such salaries fixed in a resolution, passed by the Provisional Committee at their meeting of July 10, 1874; and, on motion, it was

Resolved, That the General Agent be directed to forward to the Committee of Co-operation a copy of the resolution originally adopted on the subject of salaries to specials, and instruct that Committee to conform, after October 1, thereto, as to the number of such special raters, their salaries and the time of their employment.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE ROOMS OF THE BOSTON UNDERWRITERS' UNION.

BOSTON, October 29, 1874.

The meeting was called to order by the Chairman at 10.30 A. M., and on the calling of the roll by the Secretary the following named gentlemen were found to be present :

Messrs. Crowell, Chase, Baker, Smith, Walton, Heald, Bennett, Oakley, Hendee, and Mr. W. S. Davis in place of Mr. Platt. Mr. R. Garrigue, Ex-Chairman of the Committee, was also present, and Thomas H. Montgomery, General Agent.

The minutes of the meeting of September 22 and 23 were read and approved.

The GENERAL AGENT then presented the following report :

MR. CHAIRMAN,

AND GENTLEMEN OF THE EXECUTIVE COMMITTEE :

I propose submitting to your consideration sundry cases of trials of members of Local Boards and reports of examinations of Agency Books and Papers, asking your attention to them in preference to other subjects which will be submitted for your action. Some of them were laid over from the last meeting ; the others have transpired since, and are of great importance both in their local and general application. Indeed, it seems essential that

judgment should in all cases follow as closely as can be upon reports of our Supervising Agents, as the lessons of discipline upon violations of rules and rates should be prompt and decisive.

I would ask your action in the direction of imposing some sentence in those cases where, upon due examination, flagrant violations have been discovered by your representative in the books and papers of a local agent, and not await the result of a former trial. Some reports showing such results are now before you, and your action in accordance with this suggestion is, I apprehend, confidently looked for by the accused themselves.

In one instance, that of an examination into the affairs of the Buffalo Local Board, a Special Committee was formed of nine General and Special Agents of Companies doing business in this State, who, under the Chairmanship of Supervising Agent Denny, spent ten days in the examination confided to them. The result proved the visit of these gentlemen was quite timely, as the revelations made seem nothing less than extraordinary, as the gentlemen composing the Local Board had been competing with each other for business in many unauthorized modes, to the sacrifice of the integrity of their tariff and the entire interests of their Companies; a state of affairs which it is difficult to contemplate as existing in a city where it would be supposed that experience would dictate to the agents to make the interests of their Companies paramount to all else.

Believing that the report upon Buffalo will commend itself to your judgment and approval, permit us to put it in type, that each of our members interested in Buffalo business may be fully advised of the situation, as well also for reference at other points in the country where like differences might arise. The details of the recommendations of the Committee can, however, be communicated alone to the Company immediately interested in the particular agencies noted.

Your action of recommendation to withdraw from Chicago on the 1st instant, sent to all our members doing business in that city on the evening of the adjournment of your last meeting, was likewise communicated to President Clarke, of the Chicago Board, and Chairman Case—by telegraph in these last cases. Your resolutions were, it appears, published in the Chicago daily papers of the 25th September, and it was through these channels alone that the community generally first learned of your action, our office making no public communication whatever of your action, and confining itself entirely to the usual notice and in the customary channel in which we address our members. From the majority of our members we duly received notice of a ready compliance with your recommendation. (See p. 240—Bulletin Executive Committee for November, 1874.)

The example of withdrawal was felt in many Non-Board Companies, who ceased doing business in that city within a few days of the first instant.

The address of the Citizens' Association of Chicago is now submitted to the National Board, and is a document which proposes to discuss the compliance with your six Requirements of July 24, and embraces a statement of the work which, in their view, had already been accomplished. Subsequent examination into their Fire Department, and experiments with their

Water Supply and Distribution during General Shaler's visit to that city, on the invitation of the Citizens' Association, appear to confirm entirely all the representations hitherto made by you, and upon which your requirements were chiefly based. Should municipal deficient management be overcome by any material change of administration, very much may be hoped for, and the Underwriters and the active citizens can, in their joint efforts for reform and improvement, find themselves successful in establishing a basis of affairs upon which underwriting in that city may be calculated with some degree of accuracy.

The Local Board at New Orleans appears to fail in commanding the adherence of three agencies representing five of our Companies. Until their attention was recently called to the matter by us, upon notice received from the Local Board, three of our members remained under the belief their agents were members of the Board. However, one of these had suspended all business in that city before hearing from us on the subject. Correspondence relating to the subject is presented herewith, and is of such a character that perhaps personal attention to the subject may be required by your Supervising Agent before definite action can equitably be taken by you in the premises. The great expenses of the Board is the cause which appears to have operated in a measure to the present state of affairs, but these, it is now promised, shall receive due rectification at the hands of the Local Board.

Reference was made at your last meeting to the proposed revision of the Tariff in Mobile; we are now in receipt of the two new tariffs of the city, the one being that of the Local Companies' Board and the other the Local Agents' Board, in which latter are embraced all the representatives of our members. It appears that the Agents' Tariff is sufficiently less than the other to allow of your representatives to add thereto the Ten per cent. required on and after September 1st, ult., and thus bringing its figures practically up to the Local Companies' tariff, which, in itself, is no practical advance over the former tariff, that of 1872; and it would appear that the results of the operations of either of these is to avert in substance the imposition of the ten per cent. tax, and defeat the policy you have now inaugurated, and which is in successful working order in the city of Montgomery.

The resolution of your last meeting, ruling that the local agent should not charge commission upon the tax of five per cent. in Montgomery, was not made operative in a like direction at Mobile. This can now be remedied and made operative in both cities on and after 1st prox.

Your action calling for the retirement of the incumbent of the Secretaryship of the Cincinnati Local Board has been complied with, the resignation of that gentleman to take effect on the 9th prox., and I have further to advise you that Mr. W. F. Hawxhurst was elected at a meeting on the 22d Surveyor and Secretary of the Local Board, at a salary of \$1,800. Supervising Agent Blackwelder did not complete his examinations into Agency Books and Papers, duly authorized at your last meeting.

One of our members submitted to us recently a letter from his Baltimore agent, in which the assertion was made that the National Board, under a general rule, did not attempt to review or alter the rates in cities having a population of over 40,000, to which the response was made that there was no rule of the National Board to that effect. This was communicated by one member to his agent, and was made the occasion of our receiving a letter from the President of the Baltimore Local Board, which is submitted herewith. Your action commending certain Mill rates, the result of Mr. Denny's survey, was duly communicated to the Local Board on September 23, but it would appear, by Rate Slip now submitted, that these figures with but one exception were not followed, and it is in order for such action to be presented for your information.

The examination ordered by you upon the request of the Local Board of Albany into the matter of the alleged diversion of a large amount of local insurance below established rates was duly entered into by Mr. Denny, and his report is herewith presented. With the means at his command he could not ascertain anything definite as to the channels through which such insurances were placed, and if there was collusion by some of the members of the Local Board in the matter, it was not evidenced. It would be in order to furnish the Albany Board with a copy of Mr. Denny's report, as it would testify to them the mode of examination and its results.

Upon the request of the Local Board a Committee composed of Pres. Van Antwerp, and Messrs. Van Allen, Safford, Cole and McHarg, favored your Provisional Committee with a conference on the 15th inst. It appears that the different Rate Committees of the Board had been endeavoring to unite upon a plan of revising their Tariff, which revision it was intended would not so much reduce the present figures as it would equalize them, as the present rule of adding twenty per cent. to a specific tariff was open to many annoyances, if not objections, and appeared to afford the opposition the opportunity of quoting the Tariff in making their applications for insurance and at the same time concealing the percentage advanced. Members of the Board suggested a plan of Schedule rating, which they said would be acceptable to the Local Board if a basis of 35 cents was approved by you. In the desire to meet the views of the gentlemen, they were advised to proceed in the matter, and make their surveys subject to a schedule standard yet to be approved; and, upon their request, assistance was promised them in furnishing them with competent surveyors. At a special meeting of the Local Board, held on the 19th inst., resolutions were passed unanimously adopting this mode of rating, subject to your approval, and submitting a schedule of charges for deficiencies, upon which we hope to have a report at this meeting for your attention. We secured for the proper inauguration of the work Messrs. Visscher of Syracuse, and C. C. Griswold of Providence, and these gentlemen are now at work, and are instructed to make a report of the Schedule of the Albany Board submitted to them for examination. Supervising Agent Ford, on his return from Syracuse, passed the 24th in Albany under instructions to assist the Local Board in the matter, and was enabled to materially forward the work in view.

The Providence Board of Underwriters promptly acknowledged your recent action regarding the employment of Local Board Surveyors upon National Board work, when consistent with Local Board duties, in the following resolution passed on the 2d inst.: "That this Board accede to the claim of the Executive Committee of the National Board, that they may call upon the Surveyor of this Board for National Board work when said Surveyor is not otherwise actively employed." In pursuance of this, request was made for Mr. Griswold's services at Albany, as noted above, which was promptly complied with, and it is hoped he can spend a fortnight or more in such duty.

The Providence Board, at the same meeting, asked for an extension of its jurisdiction over such territory in the State of Rhode Island as is not under the jurisdiction of any Local Board, providing it meets your approval.

The Local Board of Worcester County, Mass., at a recent meeting, elected Mr. Richards Surveyor of the Board, which action will prove very helpful to the integrity of the Board and the interests of our Companies. If his work in Worcester prove not too engrossing, we may often have reason to call upon him for outside work, as in the case just noted of the Surveyor of the Providence Board.

In some recent notable cases your Supervising Agents have received the co-operation of sundry of the General and Special Agents of one Company in different important localities with manifest success in reaching a prompt cure of any local disaffection. With your commendation of the plan, we shall feel justified in asking further resort to it as occasion presents need for such; and, with your special assent at this time, a direction will be given to the members of the Pennsylvania State Board to meet at an early day and a special number of them accompany Supervising Agent Peetrey in visiting about ten or a dozen points in the State where the lukewarmness, if not the hostility, of the Local Agents is rapidly weakening the Local Tariffs.

The Local Board ask your approval of sundry amendments to their By-Laws of an important nature, as affecting the intercourse of members with our Board Agencies, and also concerning the employment of Solicitors

Reference is made to your action at last meeting on Tannery rates, in order to convey the sentiment of your Provisional Committee, (in view of recent applications made to them for special ratings in sundry risks of the class in New York and Pennsylvania,) that as but very few of our members are now issuing policies thereon, it seems inexpedient for us, either in general or in particular cases, to name either specific or minimum rates on Tanneries.

A meeting was held in Rochester, N. Y., on Sept. 18th ult., of representatives of different Local Boards in the State, to devise measures by which a general act would be passed by the Legislature, under which any body of Local Underwriters could be organized when they so desire into a chartered body. Mr. Neher, President of the Troy Board, writes us, informing us of the result of such meeting, and asking your Committee to name some one to serve with them on the Committee appointed at such meeting, to prepare a bill to submit to the several Boards before presenting it to the Legislature,

and stating that the general features contemplated are those embraced in the Special Charter of the Albany Board.

The City of Independence, Iowa, contemplates employing gasoline gas for general use, both in public and private lighting, and the Local Board is solicitous of a formal opinion whether such use will affect the question of rates in their City.

Secretary Clark, of the Detroit F. & M. Ins. Co., submits the advisability of establishing a uniform rating for vessels laid up during the Winter months in Lake Ports.

The amount of Rewards now outstanding is \$————, covered by— different offers. While the aggregate sum appears to be approaching the limit of our subscription fund, it may be safely asserted here that one-half of the figure now reported is never likely to be called upon, although we may, tending to such calculation, have nothing more than an average estimate to rely upon. An insurance editor submits a proposition of a timely character, and which has met the approval of the Committee on Incendiarism and Arson, by which he proposes, for a moderate sum, to print and distribute through the different Agencies in the country, for display at prominent localities in each town, an attractive and easily read handbill, notifying the public generally of the existence of a fund for the payment of rewards duly offered for the detection, conviction and punishment of incendiaries.

On motion, the report was accepted, and it was directed that it be taken up in order for action.

The application of the Royal Canadian Insurance Company for membership in the National Board was presented; the Committee on Membership having reported favorably on the application, the Company was duly elected a member of the National Board.

Messrs. E. C Rouse and C. H. Bigelow entered.

The applications of the New Orleans Insurance Company of New Orleans, and of the Manufacturers and Home Insurance Companies of Newark, N. J., were presented, and being favorably reported on by the Committee on Membership, both Companies were duly elected members of the Board.

Mr. Jillson, Vice-President of the Phoenix Insurance Company of Hartford, entered.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE ROOMS OF THE COMMITTEE, No. 156 BROADWAY.

NEW YORK, December 17, 1874.

The CHAIRMAN called the Committee to order at 11 o'clock, A. M., pursuant to notice; and on the roll being called by the Secretary, the following gentlemen were found to be present:—

Messrs. Crowell, J. D. Browne (in place of Mr. Chase), Platt, Baker, Smith, Walton, Heald, Bennett, and J. Goodnow (in place of Mr. Hendee). General Agent Montgomery, Supervising Agent Ford, Mr. F. C. Bennett, of the Committee of Co-operation, and Mr. A. W. Jillson, Vice-President of the Phoenix Insurance Company, of Hartford, were also in attendance.

It was announced that President Oakley was necessarily absent on a jury. A letter from Mr. Rouse was presented expressing his regret at necessary absence.

Proofs of the minutes of the meeting of November 30th and December 1st, being before the members, the reading of them was, on motion, dispensed with.

The GENERAL AGENT then submitted the following report:—

MR. CHAIRMAN,

AND GENTLEMEN OF THE EXECUTIVE COMMITTEE :

Your Supervising Agents Messrs. Peetrey, Denny and Blackwelder have been diligently employed since my last report, and the various results of some of their labors will be submitted to you at this time. Mr. Peetrey's services will cease on the 15th proximo, and will leave a vacancy in our corps at that time, one however that I do not recommend your supplying until we enter upon our New Year in April next. Mr. Peetrey is now making a Southern tour with a view to complete some visitations to Local Boards at distant points before his resignation takes effect, and he will visit Texas on some matters referred to him for attention by your Committee of Co-operation.

The urgency and the delicacy of the duties imposed upon your Supervising Agents appear to call for their attention solely to matters affecting the welfare and the preservation of Local Boards, and the correction of any ill practices therein existing among individual members. Some of their time has hitherto been devoted to rating special and mercantile risks, which duty however can be attended to by your Special Agents. And with your approval I propose to so direct the movements of those gentlemen in future as to secure their entire time to those graver duties now alluded to, and upon which so closely depends the harmonious working of Local Boards. It is further designed that these gentlemen shall have time to visit the various Boards in their districts in order, and not await the summons to any troubled point, as has been the course made obligatory upon them before this, owing to their time being given in many instances to rating duties. A timely visit from one of them to a Local Board, will, it is believed, frequently save it from discord, and your Companies from much annoyance, and be an economy in time, inasmuch as it is easier to avert any local trouble than to allay it after it has once assumed wider and more open proportions.

Of your Special Agents, Mr. Knudsen, is still at work in Pennsylvania, and Messrs. Rowley, Coon, and Croke in the West under direction of the Committee of Co-operation.

I fully endorse the request of that Committee for further assistance in this direction, and I hope you will at this meeting authorise them to employ not exceeding three additional Special Rating Agents for such temporary or other service as will in their judgment secure prompt and proper application of our State minimums. For our Eastern field, embracing the Middle States and New England, you can doubtless from your own observation recognize the urgency there lies on this office of affording prompt relief to the various Local Boards when they ask for revision of rates on account of improvement in risk. To delay in such matters is to affect the interests of our members and imperil the influence of the Board in any locality which makes a reasonable request for such attention to ratings. We need an

agent to attend to the field to which Mr. J. Griswold devoted such energy and experience in the short time he remained with us. In New England we have been favored with the ready and efficient services of many Special Agents of our members who have been detached from time to time for duty on the revision of any local rating. However successful in results this may be, the question remains whether it is as economical to our members jointly, as to employ some one directly from the funds of the National Board. The salary which you can offer to and secure an experienced rater will be less than the salary of each of the gentlemen in the employ of our members who have faithfully served our interests from time to time in the field; and, further, by having your own employee, he alone can do the necessary work in conjunction with the Local Agents, whereas in the other case in order to secure more general acceptance in the results we are accustomed to ask for a committee of two or more Special Agents of the Companies. In short, a calculation of the expenses incurred in the latter arrangement would average three times that incurred in the employment of your own agent; and the burden—as will be seen—must be borne by some few of your companies, while the greater number who will reap like fruits with them in the results, thus contribute nothing whatever to the support of such work.

I join in the desires expressed by members of the Committee of Cooperation for a more definite interpretation by your Committee of the powers assigned them on the creation of that valuable and important auxiliary to our detail work. This office has felt itself obliged on more than one occasion to remind the Committee of those duties which were imposed upon it, but as there appears to be a difference of opinion in some of the points suggested in our mutual correspondence, the General Agent has forborne to give his interpretation to the words of your original action, as should there be found to exist any misconception regarding the terms of such action, it would be incumbent upon you to proceed to rectify it by enlarging those powers which the letter of the law does not appear at this time to provide; and he has forborne for the further cause that the gentlemen composing that Committee were conscientiously giving their matured thought and valuable time to the perfecting of the system which they felt was entrusted to them, and the responsibilities of which they fully and entirely realized;

I will give here a resume of the resolutions upon which this Committee is founded.

At your meeting of January 30, last (p. 264), it was voted "That a special Committee of five persons be appointed to act as a Provisional Committee in such matters as may be referred to them by the Executive Committee, for all the States west and southwest of Pennsylvania; the action of this Special Committee in all cases to be reported to the Executive Committee for their approval, and subject to their control." At the meeting of February 27, following, the powers of the Committee were more accurately defined in the following words, and a copy of the resolution was furnished the members as the authority for their action; namely (p. 326), "Be clothed with power to make and revise rates in accordance with the

tariff just amended, and adopted in the west and southwest, to examine and determine in regard to applications for reductions of rates in places, which, by reason of increased facilities for controlling fires, entitle them to consideration ; to direct and control the movements of Special or Supervising Agents of the National Board to be assigned to their field ; and to attend to such matters as may be referred to them ; their action in all cases to be reported to the Executive Committee for approval and promulgation." In my report to your Committee at the following meeting, the statement of the organization of this Committee and the beginning of their operations was in conformity to the terms of the foregoing resolution. And at that meeting my letter of March 20—advising Chairman Case that notice of changes in rates were to go to Local Boards and Companies through the channels of this office—was approved. But it appearing there might be occasions of emergency where the loss of time in mailing the action of that Committee to New York, and hence to the Local Board in question would be injurious to the interests of our members in such localities, you amended the last clause, in your original resolution, at your meeting of April 23, last, (p. 190), so that the Committee was " authorized to approve modifications in rates on risks, coming under the scope of their supervision, and so advise the Local Boards in such cases of emergency as may arise and demand immediate attention, the official promulgation to be made by the General Agent of even date with the action of such Committee."

In the above recited action are found defined the duties of the Committee of Co-operation. As viewed on the record they do not appear to authorize the Committee to act in anything further than the proper establishment of local ratings called for by your April minimum. But the correspondence with Local Boards sanctioned, and justly, by the last resolution has led these bodies to turn all their correspondence to the Committee, so that they have been led to act on many matters which appear properly to rest with the central office for attention and direction ; such for instance as the correction of ill practices of Local Agents by cutting rates or otherwise, passing upon trials of agents, taking action upon alterations in By-Laws, or other code of Local Boards, acting upon the question of salaried officers of Local Boards, and also communicating directly with Companies upon any matters in which their Local Agents may be found to need attention.

Under the above terms also it does not appear that the cities excepted from the April minimum : namely, Cincinnati, Cleveland, Indianapolis, Louisville, St. Louis, Chicago, Milwaukee and Detroit, came under the operations of the Committee, unless duly assigned to them by your Committee. This calls now for a statement by you in the premises, and when you so act, this office will be relieved from the consideration of ratings in the cities named.

I have one further suggestion to present in this connection, bearing on the Supervising Agency in that district. Referring to my remarks in the forepart of this report, touching the importance of relieving the Supervising Agent of the duties of rating, if possible, it seems that our representative

in the West would have his hands full with other and greater duties ; hence, the work of the Committee of Co-operation being necessarily confined to rating, and having no assignment of power from you over those questions necessarily involved in the duties of a Supervising Agent, this officer should be directly under the orders of the General Agent, in order that attention might be given to prompt discipline, where needed, and to early restoration of harmony in such localities where the spirit of contention prevails : with the increase of the Committee's force of Special Agents, as before recommended, this office can then rely upon Local Board troubles having the undivided attention of our Supervising Agent, the same now suffering at many points for just such oversight and cure as he is authorised to give. Hitherto in all cases, agreeably to your action in assigning the Supervising Agent for the West to the direction of that Committee, all matters pertaining to his office have met his attention under such direction, his appointments being in each instance left to the Committee.

Again, it has been held here that while under the above named action the Committee were empowered "to examine and determine in regard to applications for reductions of rates in places, which, by reason of increased facilities for controlling fires, entitle them to consideration," it was needful to obtain the approval of your Committee to such, and promulgation from this office was necessary to give force to such "examination and determination," inasmuch as the resolutions upon water supply, passed at the same meeting, provide "that in no case shall such allowance for water supply and fire departments be made until an examination be had of the place applying for such reductions, and report made to and approved by the Executive Committee ; and no such reduction shall take effect until officially promulgated to the Local Board and members of the National Board by the General Agent." Thus, it will be noticed, that to give the Committee of Co-operation a wider latitude in the consideration of this important subject, and a readier mode of disposing of it, some change in the terms of the resolution just recited must be necessary before this office would deem itself warranted in publishing any present action had by the Committee in that direction.

This would apply in a like degree to a reduction from your minimum from any other cause than efficiency of water supply or fire department, should such in the judgment of that Committee be called for by any local circumstances ; it being held here that the minimum having been established at your full meeting in February last, can in no way be modified or changed, unless in the same mode as it was adopted, this office having itself no discretion in the matter. To give that Committee discretion in the cases which may be presented to them, it is needed to put on record now your authority to them to perfect such concessions.

The Committee of Co-operation recommend the following form to be used in granting pork house privileges, and its publication to agents and others :

"In consideration of \$, privilege is granted for days privilege [inserting slaughtering, rendering, or smoking, as case may be], beginning on the day of 187 , and ending on the day of, 187 , at noon ;" accompanied by a rule, as follows :

“ All privileges granted under existing pork house tariff of the National Board must define the period for which such privileges are granted, by an explicit provision, giving beginning and expiration of the period, in form substantially as follows, and the entire period defined must be paid for.”

The Committee also recommend a concession of 25c. from the minimum rates of Texas, in favor of Austin, thus placing it on a like footing with Galveston, Houston, and San Antonio.

The Local Board of Jefferson, Texas, ask your approval of their action at a meeting of November 21st, ultimo, requiring the insertion of the two-thirds clause in all policies now in force, or said policies cancelled, excepting those on cotton, wool, and hides.

The report of Mr. Peetrey on his recent visit to Mobile is submitted, recommending your approval of the tariff of September 1st last, and known as the *yellow* tariff, to which is to be added the 10 per cent. on premiums for local taxation now required by you.

The Committee on Legislative Taxation recommend the requirement of a percentage tax upon policy holders on all risks in Mississippi, in order to meet the excessive aggregate taxation now in force in that State.

In compliance with your instructions of October, I communicated with the Hanover and Niagara Insurance Companies upon the subject of extra commissions, and submit their respective replies herewith. The latter Company submit their views that the rule on Local Agents' commissions does not apply to dwelling risks ; but if they were wrong in this respect, would correct the practice to which your action had reference.

In this connection I present a complaint from one of our members against the Western managers of another member, and submitting a circular letter, offering a rebate to parties holding policies in an association of which both companies had been members, should the same apply for renewal to them, the amount of rebate being the usual agents' commissions. In the circular submitted the words embracing the offer of a rebate appear to have a blue pencil mark through them.

Correspondence was had with President Bowker, of the Boston Union, agreeably to your instructions of last meeting, on the subject of brokerage, with the response that all efforts to limit the amount of brokerage had failed, as presented by the Union. Some letters are submitted on the subject.

The expenses of the Cincinnati Local Board for the current quarter are submitted for approval, the same to be assessed upon premium receipts for the quarter ending September 30 last. It appears that since the new Secretary has begun his work, the Board have appointed a Committee to superintend the printing of a new tariff. In view of the reference of the matter of the schedule surveys to the Committee of Co-operation, and inquiring of them what disposition had been made by them of your reference of the subject to them at your meeting of November 30 last, the Board has been advised to delay further action in printing such new tariff, unless further advised in the premises.

Agreeably to your resolution of September 24, the Chicago Board were advised that the assessment for the expenses of the extra patrol, which was

to be discontinued on October 1st, should be levied in the usual manner by them upon the Companies, your action being in fact their warranty for making an extra assessment at this time. The Board, however, made out a bill for the extra expenses assumed for this extra patrol, and referred it to the National Board for payment. On its receipt at this office on November 18 it was returned to the Local Board for collection in the usual mode, and agreeably to your action of September 24. The Board then appointed a Special Committee upon the subject, namely: Messrs. Goodman, Case, and Brown, who, under date of the 7th inst., addressed a communication to Chairman Crowell upon the matter, which is submitted herewith.

The form of grain clause in policies issued in Toledo, and sanctioned by the Local Board, has been brought to our notice, as it embraces the words "or in which, by the terms of any contract, they may have an insurable interest."

The Detroit Board enquires if any concession in rates can be made on buildings where floors are laid in mortar. It appears that members of the Board are in communication with the architects of that city, and advising with them on points wherein a builder or owner can reduce his rates. Could Local Boards generally thus confer with architects and builders, the interests of our companies, and also that of the particular community would be greatly benefited.

The Denver Board ask consent to our members contributing to the introduction into that city of the Gamewell Automatic Fire Alarm Telegraph Co.

A suggestion is made by Mr. Hine for publishing for general distribution the recent arguments and decision in the case of the Home Insurance Company vs. Morse.

The Milwaukee Board submit to your notice and solicit your action, if practicable, the fact of a dissolution of a prominent agency firm in that city, one party retaining the non-Board companies, and with the prospect of remaining in the same office with the Board agency, which under the peculiar circumstances of the case, threatens to be a serious evil in that locality.

The Committee of Membership endorse the application for membership in the National Board of the Sun Fire Insurance Company, of Philadelphia.

In compliance with your direction at the October meeting, a letter was written Secretary Smith, of the Traders Insurance Company, asking the views of that company as a member of the National Board, as to their present attitude towards the Local Board, from which they withdrew on September 25, but we are yet without the favor of a response.

The position of the North Western National Insurance Company in Chicago is one of grave importance, inasmuch as the Local Board have expelled from its membership its local manager, and under the circumstances of the case, and the absence of a formal examination into the charges against the manager, under National Board rules, that company declines to place its representative in connection with the Board. Letters from the Vice President of the company are submitted herewith, and under date of November 20, ult., he advises us his local manager has instructions to adhere to all duly approved local ratings.

I have nothing further to communicate relating to the position of the Manufacturers Fire and Marine Insurance Company, of Boston, touching their Portland agency, which still remains unconnected with the Local Board.

The Board of Trade of Lancaster, Pa., submit an appeal for a concession of rates, on account of the excellence of their Fire Department, etc.

Authority for the examination of books and papers at Hudson, and Warwick, and Hamilton, N. Y., are asked for by members.

On motion, the report was accepted, and it was directed that the same be taken up in order for action.

The matter of the employment of a Special Agent for service in New York State, to fill the vacancy caused by the resignation of Mr. J. Griswold, was brought before the Committee, and, on the recommendation of the officers, Mr. C. C. Griswold was appointed to fill the vacancy.

The question of the engagement of a Special Agent for service in Pennsylvania was referred to a Special Committee, to be composed of three members: one from New York; one from Pennsylvania; and one from Hartford. Messrs. D. A. Heald, Charles Platt, and George L. Chase were appointed as such Committee.

Mr. Ezra White entered.

Mr. F. C. Bennett, as the representative of the Committee of Co-operation in the West, was requested to present the views of that Committee on matters within its province. Mr. Bennett then submitted the following memorial from his Committee, and supplemented the same with remarks upon the general subject introduced:—

CHICAGO, November 27, 1874.

*To the Executive Committee of the National
Board of Fire Underwriters.*

GENTLEMEN:

Acting upon suggestions communicated by several of the members of your Committee, the Committee of Co-operation respectfully beg leave to call your attention to the following considerations bearing upon the duties with which they are charged, with a view of reaching a clearer

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE DIRECTORS' ROOM OF THE FRANKLIN FIRE INSURANCE Co., No. 421 WALNUT STREET, PHILADELPHIA,

JANUARY 28TH, 1875.

The Meeting was called to order by the Chairman at 11 o'clock, A.M., pursuant to notice.

The Secretary was directed to call the roll, when the following members were found to be in attendance, viz.: The Chairman (Mr. Stephen Crowell), and Messrs. Platt, Baker, Smith, Walton, Heald, Lockwood, and Oakley. Mr. A. W. Jillson, Vice-President of the Phoenix Insurance Company, of Hartford; Mr. Mark Howard, President of the National Insurance Company, of Hartford, and General Agent Montgomery, were also present.

On motion, Mr. Howard was accepted as Mr. Hendee's substitute. Mr. Jillson was accepted in the place of Mr. M. Bennett, Jr.

On motion of Mr. WALTON, the courtesy of the floor was extended to Messrs. J. W. McAllister, Vice-President, and Theo. M. Reger, Secretary of the Franklin Fire Insurance Company, of Philadelphia; and also to Mr. J. Peetrey, Manager of Southern department of that Company; and these gentlemen, on being notified, entered.

The CHAIRMAN submitted a letter of Mr. Geo. L. Chase expressive of regret at his necessary absence. Also a letter of like purport from Mr. E. C. Rouse.

On motion of Mr. BAKER, the reward authorized in the case of the burning of the Wm. Youman property, at Washington, N. J., was increased from \$500 to \$1,000.

Mr. Walcott, President of the Hanover Insurance Company, of New York, entered, and was invited to remain.

The PRESIDENT made the usual monthly statement with regard to the finances, which was accepted and ordered on file.

It appearing that additional funds would be needed, the officers of the Board were authorized to call upon Companies for an advance on their next assessment.

Mr. Bigelow entered.

The GENERAL AGENT stated that a delegation from the Milwaukee Board desired an interview with the Committee at to-day's session; and, on motion, 3.30 P.M. was named as the hour for the conference.

The GENERAL AGENT then submitted his report, which was accepted, and a motion, prevailed to take it up in order for action. The following is the Report:

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE:

Since your last meeting we have received the annual statements of the majority of our Companies, and they all testify to a substantial profit for the year 1874, although it would appear that the receipts would not aggregate those of 1873. Of last year's success the community have, ere this, been well advised, and, upon the exceptional profit of 1874, are basing applications for concession in rates. But while the community may argue that this would only now be reasonable, we feel that the time is not yet in view when we can grant such, as the same causes exist for large conflagrations as did before. The great publicity given to the agreeable statements of many of our members is by no means helpful to our efforts in maintaining present rates. It is well to

gratify stockholders, whose turn seems now just to have begun after a melancholy decade, but the plan is questionable of calling the attention of an indiscriminate public to the same, as the influence, to the Company's individual interest is greatly outweighed by the urgency of its policy holders during the entire current year for lower rates.

The firm hold we have been enabled to keep on local tariffs can in no way be relaxed, and beyond the recognition of local improvements in water supply and fire departments and in the betterment of individual risks, there is no reason for reducing the rates at any point. Let it be distinctly announced that we are prepared to grant proper concession of rate for such improvements, and for no other cause; and we shall be fortified for still another year in our adherence to adequate rates.

The question of various State legislation is engaging the attention of our members, whose watchfulness cannot be relaxed in any direction, as this season is fruitful in various directions of legislative measures harmful to the interests of the policy maker, while they do not benefit the policy holder. At the request of the Committee on Legislation and Taxation, circulars have been issued soliciting the instructions of our members doing business in Michigan to their agents in that State; to use all their influence on behalf of measures now pending in the Legislature, looking to a modification of the insurance law, so as to make taxation upon the net receipts of Companies; also to our members doing business in the city of Paducah, Ky., asking their concurrent action in imposing a policy tax of three per cent. upon premium receipts to meet the city tax imposed upon Companies. This latter measure was, in fact, initiated by some of our members in their individual motion, but to make the matter unanimous and of simultaneous operation, it will now need your action and affirmation. The proposal to renew the Deposit Law in Tennessee is one affording much concern to many of our members; but others who have not been able, by the State requirements, to withdraw yet their deposits, cannot be expected to take any leading action in opposing this measure. I am in receipt of letters from prominent underwriters of the city of Nashville, asking, should there be any material modification in the tax laws of the State, whether your Committee would give them any guaranty of a concession of rates should such be secured; and these letters are submitted herewith. The desire seems to be to place the rates on the same footing as they are now in Kentucky. In this connection let me enter the suggestion that rates and taxation are two entirely dissimilar charges, and the sooner we can eliminate the latter from all tariffs—and put it where it properly belongs, as an additional percentage to the local policy holder upon his premium—the more just will be our operations, and the sooner we shall approach a correction of inequitable and invidious taxation.

The proposed action of the Legislature of Georgia, "To regulate the Law of Evidence in Insurance Suits," in a bill which passed the Senate on the 22d inst., is as novel as it is prohibitory; and to telegraphic advices from Atlanta Underwriters, of its progress, we replied that our Companies

would, with singular unanimity, withdraw from the State should it become a law. Indeed, no other alternative would be presented them but to leave a locality where they would be deprived of a reliance upon the common rules of evidence which were yet allowed to all other branches of capital and to the citizen. However, the unconstitutionality of the measure, which seems apparent on its face, is a sufficient protection to our Companies, its provisions being void. A query was addressed us on the following day, asking if your Committee would sanction an expenditure of \$500 in subsidizing newspapers, with a view to influence the defeat of the bill, but an emphatic negative laid the suggestion on the shelf. Our members have so generally advised their agents in that State as to their views that we should now be surprised did the bill pass the House.

Your various action at different times in imposing fines upon sundry members of Local Boards for deviation of rates and rules appear to have had altogether a salutary effect, however personally disagreeable it may have proved in each case. Some appeals for reconsideration of your action have been received, but in none are presented any evidence that a wrong statement had been presented you upon the particular case, and I have not deemed the merits of the appeals sufficient to call your particular attention to them, although the papers are before you, and subject to your order. In all cases of examination of books by your accredited representatives, the same has been done in the presence of the accused; and while he may not have known, until the receipt of our advices, the extent of his deviations, he cannot justly complain of defective evidence, as this was based solely and alone upon his own office records. Of the disposition of the sums accruing from these fines, the time has now arrived for your reconsideration of the same. It would be wrong in policy, and subversive in many cases of principle, to leave the amounts in the Local Board Treasury, and in many cases there is no treasury in fact; and yet some general rule appears to be in order other than that now prevailing; and if you should deem it proper, our account for printing local tariffs and the daily rate slips would seem to be a proper and fitting object to which these sums could be devoted; and the agents who are thus adjudged as violating rates cannot fault your action should they be directed to contribute pecuniarily to the publication of tariffs. I submit to you, at this meeting, the findings of our Supervising Agents at the various places where trials have been held or examinations had, to which I invite your careful attention.

Requests are submitted for the examination of books and papers at Rome, N. Y.; Scranton, Altoona, Meadville, and Erie, Penn.; Wooster, O., and Kokomo, Ind.

The question of the association of Stock and Mutual Companies in the same agency has been brought to our attention recently from two different directions. Difficulties have arisen at Burlington, Vt., from this association (as they have in many other places in New England), and a report from Mr. Denny is herewith submitted thereon. At Marietta, O., like difficulties

have presented themselves, and I submit the views of the Committee of Co-operation to you, and they ask your aid in correcting the ill practices which are said to grow out of them. As the matter is one of grave importance, and has very wide bearings, and as many of our members find no objection in placing their agencies in the hands of gentlemen who also represent Mutual Companies, I would suggest the appointment of a Special Committee to report on the subject, and who could, if practicable, mature some general plan under which we could in these and future cases reach the evils which undoubtedly grow out of the system.

Your New England Provisional Committee present a report upon the subject of concession of rates for sprinklers in mills, referred to them, which recommends that when mills are properly provided with these improvements, they will give such attention, and rate them specifically.

The same Committee, to whom the matter was referred, also report on Flouring Mills and Machinery therein being insured in one general sum, to the effect that, in their opinion, it is both inexpedient as well as uncalled for, and advise a specific item to include "Fixed and Movable Machinery, Tools and Implements," and that they be not included in the item on buildings.

They further report on the application of the Providence Board for an extension of their jurisdiction over the State of Rhode Island, and advise that approval be given by you to their recommendation to the Board to include, as a part of said Board, all places in Rhode Island not now included in any Local Board; but that all rates and revisions outside the city of Providence shall be submitted to your Committee for approval and promulgation through this office. This, it is understood, meets the concurrence of the Local Board.

The Committee of Co-operation, at their December meeting, recommended that both the Cincinnati and Louisville Local Boards be instructed to rate the pork houses under their jurisdiction, in accordance with the tariff adopted recently by the St. Louis Local Board.

The Milwaukee Board present for your consideration their greatly increased facilities for extinguishing fires, from their new and efficient mode of water supply, and members of the Board are in this city hoping to have an opportunity of making, in person, such statements to you as will assure you of the equity of their request for a material reduction in their present ratings. It appears that they have not acted yet upon or accepted your concession made them at your December meeting of ten cents on building risks, as they have remained in hopes that with a proper presentation of the case you would grant them a still greater concession, to the extent, indeed, of double the figure already voted to them. Other considerations appear to enter into their appeal, based upon the asserted growth of the non-Board element in their city; but did the members of the Local Board view this with equal unconcern with ourselves, they would use weapons to meet it other than a concession of rates, which is a game two can play at.

The request of the Toledo Local Board was laid over from your last meeting, asking assent to re-rating that city under the National Board Schedule, and the appointment of an assistant surveyor for the work. The expense to be incurred in this work would not be compensated for by the promised reduction in rates, which would be the result of a change in their schedule. The Local Board of that city on the 6th adopted a form for covering grain, which appears to remedy the objection presented by our members to that formerly sanctioned by some of the agencies in that city, and which reads thus: "On grain of all kinds, flour, salt, produce and other merchandise, hazardous, non-hazardous and extra hazardous, their own or held by them in trust or on commission, or sold but not delivered, *or on which they may have made advances.*"

Some of the charges called for by our April minimum apply to risks which are seldom found outside of what are known as the excepted cities; and as they are charges which merit collection wherever the risk is located, it would appear to be in order to rule them at this time as applicable to such cities. One of these is the extra charge of fifty cents for boot and shoe factories; and as these risks are, with but very few exceptions, only met with in the cities referred to, this charge, if of practical value, should be made to cover in those cities.

A member calls our attention to the average clause of the April minimum, which appears to have been differently construed by some of our Western Underwriters, and asks for an authoritative interpretation by you to the same—that is, shall the value of lumber in the yard be taken at its highest figure, as some are doing, or at its *average value*, through the year, which the letter of your rule calls for? The difference of construction upon this rule by some of our members has led to this request.

The same member asks your attention to a proper charge upon cigar factories, as agents generally appear to be writing them at warehouse rates, there being no distinct charge for them in our April minimum; and also solicits your attention to an equitable charge for unoccupied buildings. On this latter some of our members have already had much discussion, but no concurrence of opinion has yet been reached among them. If advisable to take action upon this well-known hazard, it should not be of local but of general application, at least so far as where basis rates are operative upon our members and their agents.

The St. Louis Local Board at its meeting of 19th inst. adopted an important rule upon the subject of brokers, which is submitted for your sanction, and is to go into effect upon your approval.

The Kansas City Local Board ask your sanction to the employment of a surveyor under date of December 30, who shall fix specific rates on all risks deemed advisable in that city, and publish same; said surveyor to continue in such position at the pleasure of the National Board, which, with an amendment to the effect that his ratings will be duly submitted,

and have the proper approval, should meet your approval. This is the first distinct recognition that a local surveyor should remain in office at your pleasure. This meets the favor of the Committee of Co-operation, and the Board, it is understood, have placed the nomination of the surveyor in Mr. Blackwelder's hands.

Mr. Peetrey's report on his visit to New Orleans and conference with the Companies and Agencies upon the Local Board organization of that city is now before you. It is trusted that certain Board regulations which were a bar to the few of our members who remained unconnected with it are now in the course of removal; these regulations, such as having a Board officer to whom all adjustments shall be submitted, and also requiring members to await sixty days to pay their losses, which some of our members, by the terms of their policies, cannot voluntarily do, are peculiar to this Board, and are not to be met with elsewhere.

We have many requests from the Southern representatives of our Companies for minimum ratings in the Atlantic and Gulf States similar in operation to those of the Western States. The last annual meeting of the Board instructed your Committee to make such ratings for certain of the States here alluded to; and the time seems to have arrived when the same can be planned. Let me ask your appointment of an intelligent Committee to frame such a tariff, consisting of seven gentlemen, operating in that field, who shall meet at an early day to frame a tariff which shall be submitted to you for your approval and promulgation. And I would suggest that the seven gentlemen be selected so as to represent Hartford, New York, Philadelphia, Western Companies, South-western Companies, Southern Companies and the English Companies; and, with your concurrence, I will depute Mr. Ford to attend their meeting to represent this office.

Under your instructions of the December meeting, Secretary Miller corresponded with Secretary Smith of the Traders' Insurance Company of Chicago; and Mr. Smith's letter of December 28 is submitted herewith. The officers of the Board to whom the decision of the case was remitted have not acted in the premises, and now refer the matter back to your Committee.

The Royal Canadian Insurance Company, through their agents in Chicago, Messrs. Richardson, Naghton & Co., recently applied for admission to the Local Board of that city, but for reasons stated by a Special Committee of that body, to whom the application was referred, in a report now submitted to you, it appears the Board declined to admit those gentlemen to membership until they could show entire dissociation with a prominent non-Board agency of that city, with whom, in fact, they admitted some business connection.

The proposed schedule for the city of Albany is not yet prepared for your attention, and should you refer it back to the Committee named at your October meeting, and with power, that Committee will be able to give it prompt attention when presented. The delay in this matter has arisen

from the fact that the Albany Board were indisposed to accept any new system of insurance which did not materially reduce their present ratings, and your Committee having no desire to change the present tariff, seeing no good reason therefor, were not prepared to authorize a schedule which it was feared the Board would oppose when they found their views as to a reduction were not assented to. Within the next ten days it is expected that some conclusion may be reached in the matter, as it is the desire of the Committee to do nothing which may impair the harmonious workings of that Board, provided that rates shall not be materially affected.

The application of the New England Provisional Committee for clerical aid, and the matter of the engagement of a Special Agent for that field, were taken up; and, on motion, the Committee was authorized to employ such assistance as may be deemed necessary.

Mr. S. P. Blagden, Secretary of the National Board, entered.

As Chairman of the National Board Standing Committee on Membership, Mr. Blagden reported favorably on the applications of the Humboldt and the Germania Insurance Companies, of Newark, N. J.; and, on a vote being taken, both companies were elected members of the Board.

Mr. BAKER stated that the New Jersey Fire and Marine Insurance Company, of Camden, N. J., would probably formally apply for membership in the Board at an early day, and requested that in such case the Committee on Membership be requested to act upon the application, and report to the February meeting of this Committee, which was agreed to.

The GENERAL AGENT stated that the application of the Planters' Insurance Company, of Memphis, for membership in the Board, had been withdrawn.

The CHAIRMAN presented a communication from the New York and Yonkers Insurance Company, relative to its membership in the National Board, which was referred to Messrs. Heald and Lockwood, the Special Committee appointed in the case of a similar communication which had been received from the Safeguard Insurance Company, of New York.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,
HELD AT THE COMMITTEE'S ROOMS, NO. 156 BROADWAY, NEW YORK.
FEBRUARY 25TH AND 26TH, 1875.

NEW YORK, Feb. 25th, 1875.

Chairman CROWELL called the meeting to order at 11 o'clock, A. M., pursuant to notice.

The following named gentlemen were in attendance :

Messrs. Crowell, Chase, Platt, J. W. McAllister (in place of Mr. Baker), Rouse, Smith, Walton, Heald, A. W. Jillson (in place of Mr. Bennett), Oakley, and Lockwood.

Mr. G. F. Bissell was present, as the representative of the Committee of Co-operation.

Thos. H. Montgomery, General Agent, and W. S. Denny, Chas. H. Ford, and I. S. Blackwelder, Supervising Agents, were also in attendance.

The Minutes of the last meeting were then read and approved.

The GENERAL AGENT submitted the following report :

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE :

The importance to our general interests of a sound and correct understanding of the objects and the principles of the National Board on the part of the State and Special Agents of our various members, is so great as to lead me to ask you to affirm the sentiments of the declaration made by the members of the Central Auxiliary on this subject, at their meeting of the 16th instant, which are as follows :

Resolved, That we deprecate now as heretofore, the practice of speaking disrespectfully of the action of the National Board, or of its officers, as we consider such a course detrimental to the best interests of insurance, and the perpetuity of the rates and principles of that organization, and further that we recognize the action of the National Board as the action of our respective Companies, to be understood, obeyed, and respected, with the same fidelity as if such action had come to us individually from our Companies, and we will endeavor to so instruct our local agents.

The fact has been realized that the field representatives of our members in carrying out the orders of their Companies have often lost sight of the influences and the bearing of the larger association of which their immediate principals were faithful members, *i. e.*, the National Board. And in this forgetfulness of the ties which bound the Companies to the greater organization, have not in all cases upheld and strengthened its operations. Did our members themselves realize the importance of so advising and instructing their various representatives on this head, it is believed that these gentlemen would at once recognise the point, and would in common with the officers of their individual Companies endeavor to carry out in all integrity the views and the rules of the associated Companies. If we wish the local agents to have respect for the National Board, all the wisdom and lawfulness of its various measures, will fail of their application and their influence should they not be sustained by these gentlemen. They indeed have a representative capacity : and the Companies forming the National Board rely upon them to sustain and enforce with integrity the various action of the Association of which their principals are constituent members—in fact, to maintain them with like vigor and interest to that displayed on behalf of their own Company.

In this connection, the action of the Central Auxiliary at their recent meeting, in recording the views of the members upon this subject, is noted with gratification, and would find a fitting place in your minutes.

The request of the Central Auxiliary for the re-establishment of the system of District Committees, for the purpose of restoring the efficiency of the Local Boards, merits your approval. It is not designed that such Committees should in any way act in the matter of ratings, that being already provided for by efficient instrumentalities. Could the members of this Auxiliary have your sanction for the work now indicated, many of them would gladly time their various engagements so that in committees of two and three they can visit the backward and indifferent Local Boards, and restore them to life and some degree of efficiency. Without your sanction formally obtained for such ministrations, they would be loth to undertake the work ; and if they did, would, without it, fail in the proper influence to accomplish the end desired.

This office has been addressed lately from two esteemed sources as to the application of your Western minimum tariff on dwellings, with a request for a statement as to the extent and scope of such tariff, and whether they covered what is termed farm property. But one reply could be made to this, it seemed—namely, that the minimum ratings in Ohio and other States

where such are in force, apply to dwellings wherever located, whether in town or country. If this ruling should be confirmed by you, we shall then be prepared to apply it in all cases and have a response ready for future enquirers.

The former recommendation of the Committee of Co-operation that rates on private barns in the States of Missouri, Kansas and Nebraska, be stricken from the minimum tariff for those States, is again before you, with the reasons therefor of the Committee, which appear to be reasonable.

The Louisville, Ky., Board submit a correspondence had with a General Agent of one of our members regarding their rule prohibiting the writing of term policies in business risks. Although the National Board has never laid down a rule in this matter, it has been our invariable custom to sustain all local Board rules in that direction.

The Central Auxiliary, at their recent meeting, offered the following resolutions :

Resolved, That in view of the dissatisfaction in the minds of many insurers at some of the rates embraced in the April tariff, we respectfully suggest to the Executive Committee the following changes for their consideration, believing as we do that a concurrence therein would materially assist in retaining our present business, and keeping it from the books of the non-Board Companies.

Resolved, That we will hereafter faithfully enforce the National Board rule prohibiting the writing of contents of business risks by our agents in any Company, for a term exceeding one year, and we respectfully recommend the National Board to apply the same rule to buildings.

1st. A decrease of rates on brick or stone buildings, where unbroken party walls rise to the roof, and on stocks contained therein.

2nd. That in towns having water works or a good fire department, the action of the Co-operative Committee in allowing such towns a rebate from the April tariff, is cordially approved, and we respectfully suggest that the same course be adopted in other such towns as may in the judgment of said Committee be entitled to such rebate.

It is to be regretted that Indiana and Michigan had such a small representation as met at this important meeting, as there are many points in both those States which would have been benefited had the various Special Agents embraced this opportunity to confer together thereupon.

Your resolution of last meeting that all fines imposed upon local agencies for deviation from rules and rates, should be paid into the general treasury pending the direction of the National Board as to a permanent disposition of same, was sent to the various local Boards in interest, and from Middletown, Conn., Worcester, Mass., Syracuse, N. Y., and York, Pa., statements have been submitted, representing certain uses having been made of a portion of the funds thus paid by local agents, and asking your consideration of such statements, all of which appear to be in order, with but one exception. In regard to the fine of the agent of the Hamburg Bremen Insurance Company, of Buffalo, I present their letter of 21st ult., in

which they state their reasons for declining to instruct their agent to pay his fine, to which reply was made that the present reference of the matter would have to be made. To make the discipline sought to be realised by this system of fines fully effective, our Companies should be watchful of the due compliance therewith of their several agents. Cases have occurred where the limit of thirty days, in which such were directed to be paid, has been passed without notice of the same by the local agents, and the Companies upon our reminder are obliged to follow up the matter more stringently, the result of which may be appeals for rehearing of the case, claims for alleged errors in the report submitted to you, and the like, many of which pleas cause a mere waste of time ; and in the correspondence between Company and agent which often ensues, the point of the discipline is lessened in force. Our Companies should invariably insist upon payment of the fine within the reasonable time granted the parties accused, as they may have the assurance, if any injustice has been found to have been committed in passing judgment by your Committee, that the fine will be modified, or indeed remitted, as it has already been done in one case. If there is any merit in the discipline made necessary by the violations of rates by agencies, it seems quite needful that it should be enforced by Companies promptly and unitedly.

It has been found in some instances, or at least it is so represented to our Supervising Agents, that Special Agents of Auxiliaries have either authorised, or have been cognizant of certain deviations of rates, and it would be in order to advise the Companies that should such be found substantiated, some notice would have to be taken by you of those cases in the way of imposing fines or otherwise, as it does not seem just or proper that the Local Agent should bear the discipline which it may be found really attaching to his superior officer. The late meeting of the Central Auxiliary gave expression to its views on this matter, as follows, and which, if you now affirm, can at once be made of general application, namely :

Resolved, That we recommend to the National Board, that any Special or Supervising Agent in this State, who knowingly gives countenance to, or is cognizant of, any deviation or violation of the National Board April tariff, rates or rules, by any Local Agent under his supervision, and does not immediately take measures to correct the same, shall be held responsible and fined, in like manner as Local Agents are fined for similar offences.

It was at your February meeting of last year, held in Philadelphia, that the appointment was made of your Committee of Co-operation. The work of these gentlemen has been of immense value to our operations in the extended field assigned to their oversight, and without some such instrumentality as this efficient and intelligent Committee have furnished us, we could not so effectively or readily accomplish the burdensome and watchful work made necessary by your wise system of minimum ratings. I fear that the amount of expenditure to which you limited the Committee at your December meeting will not suffice for the maintenance of an experienced rating force in the field. They could give constant employment to three intelligent Special Agents, and the present limit of their expenditure will

suffice for the salaries of this number, as well as that entailed by their office force, but will in no wise meet the travelling expenses of the Special Agents, which with the utmost economy must greatly exceed the small balance left at their disposal after payment of salaries.

Regarding the assignment of the "excepted" cities in revision of their rates to this Committee, voted at the December meeting, some plan will have to be devised by which more prompt action can be had upon them, for as we understand the matter the Committee feel a hesitation in passing upon them except at their full meetings, which meet but once a month. The Surveyors in many of the cities referred to are disinterested as well as experienced men, and so far we have found their opinions in the cases alluded to in different ratings to be always on the conservative side, and in the maintenance of adequate rates and of sound rules of practice, and as a general rule their reports can be accepted.

The New York Local Board has within a few days past voted a general reduction of 20 per cent. in their tariff. This appears prompted by the profits for the last year on city business under their excellent and well ordered tariff, and by the successful and efficient management of the Fire Department, but also by the necessity appearing to exist of depriving the unscrupulous members of the Board and the large array of city brokers of a high tariff upon which they might offer to their respective customers a good margin. This reference to the matter is made here with the sole view of recording the apprehension that other large cities may seek to make similar reductions in their tariffs, forgetful or ignorant of the peculiar circumstances of the insurance business in this city, and the heterogeneous composition of the Local Board. I would respectfully ask some Minute from you at this time expressive of your knowledge of the recent action in the New York Board, coupled with a statement that in your view you are not prepared to sanction such a general reduction at any other point in the country. The experience of our Companies for the past two months leaves no room for doubt that we are not yet free from the necessity bearing upon us of maintaining in their integrity the various local tariffs under which we have been working for two years past.

The Special Committee of Managers and others appointed at your last meeting to prepare a system of basis ratings for sundry Southern States, met in Richmond on the 15th inst., and I have the pleasure of submitting the results of their labors herewith, covering tariffs for the States of North and South Carolina, Georgia, Florida, Alabama, and Louisiana. The Committee considered the matter of a tariff for Virginia, which was left advisory with them; and the understanding is that the Virginia State Board will shortly prepare one, and your approval and support of the same will be sought for in due time.

This Committee submits an important recommendation in asking for the establishment and maintenance of a clause in all your policies making the assured a co-insurer to the extent of one-third or even one-fourth of the amount of loss. This rule is already in force by some of our Companies in the South, and the recommendation is made by parties who testify to the

benefit of its workings. I also submit a letter urging the matter upon your consideration from an eminent Manager in the Southern States.

The Minute recorded by you at your last meeting regarding the abrogation of the present Average Clause Rule on lumber risks in the West, and substituting therefor a general concession of say 25 cents from established rates, when the assured accepted the average clause, regardless of amount of value on hand, was submitted to many of our prominent Companies writing on lumber, and of the responding, I beg to report that four are in favor of the rule proposed by you. We have had no means of successfully conferring with our other members on the matter, hence the result now before you cannot be considered the response of our Companies numerically.

The Pennsylvania State Board request that you approve of their recommendation that certain towns named by them, twenty-six in all, be added to the forty-nine already entitled to "a reduction of 15 cents from the basis rate for brick and stone buildings, detached and in blocks." As the Managers and General Agents in Pennsylvania have given this request their thoughtful attention, it would appear that the local merits of the various places named entitle these to the concession asked, in order to place them on the same footing as other like favored places.

The Local Board of Albany gave assiduous attention to the workings of a schedule for their city for three months past, with the view of effecting thereby some practical reduction in their present tariff. They were advised that they could adopt a schedule at any time, as now was their opportunity; but the matter was not pressed by this office, as it was from the first seen that such a system would materially advance their rates, contrary to the expectation of the Board, and an advance did not appear expedient at this time. The surveys made necessary in order to test the system, revealed that the city had numerous business buildings which were largely deficient in construction and containing many items of hazard which the ordinary system of rating had never shown to the Underwriters of that city. In view of the results thus obtained, the Local Board withdrew their request for the application of the schedule system, and renewed their request for an abrogation of the 20 per cent. advance on their printed tariff of 1872, made in November 26 of that year. The Committee to whom you referred the matter, with power, at your last meeting, assented to a concession of 10 per cent. upon the tariff plus the advance named, the rates to be made at the nearest five cents of any fractional five cents, provided that the schedule as approved by us be applied to all new buildings hereafter to be erected. It is understood that this concession applies to all risks rated in the tariff as printed, and does not apply to those risks which have been since reduced by the Board for any cause.

At the request of the Milwaukee Board the schedule system was considered for that city, and Supervising Agent Ford spent nine days there in conference with a Committee of the Board early this month, endeavoring to devise a system which would meet their wants and views. But the result was much such as that detailed above as occurring in Albany. And the Local Board on the 10th instant voted to request that the rates on all mer-

cantile risks and business risks other than manufacturing establishments, be reduced 15 per cent., provided, however, that no risks on buildings shall be reduced below 75 cents, and no risks in stocks below 90 cents; and that rates on dwellings be reduced, namely, B, from 45 to 35 cents; B-C and C, from 50 cents to 40 cents; and D, from 60 cents to 50 cents.

We have before us a copy of the new insurance map of St. Louis, presented the Board by its faithful and industrious author, Secretary Aubin. This elaborate map has been prepared by Mr. Aubin at a cost only to the Local Board of paper, printing, and binding, his work upon it having all been made in after hours, after his daily duties of Surveying were fulfilled. It is the most complete as well as most economical map yet submitted to us. The resolution of the St. Louis Board of 9th instant, regarding brokerage, as submitted by you to the Provisional Committee for amendment, in the matter of penalty for violation of the rule therein adopted, was altered so as to make the penalty for the first offence \$100; a second, \$200; a third, \$300; a fourth, \$400; and a fifth offence, \$500.

The Cincinnati Local Board received with much pleasure the announcement of your design to send a Special Committee to that city, with a view to confer with them upon our mutual interests there. No time should be lost in this mission; and in the hopes that an early visit could be arranged for such Committee, the Board, under special instructions, are delaying the printing of their new tariff, which is made obligatory by the changes in the former old tariff, as well as by the previous administration of the Secretary's office. I regret to note that sundry reductions of rates made by the Board, and which met your disapproval, had been followed by some of the members, and the Board, at a meeting of the 8th instant, decided notwithstanding such disapproval, to continue their policies at the rates thus written until the visit of the expected Committee. Under the date of the 11th instant this was met by a rejoinder from this office, non-concurring in this action. I beg also to report that your request to make a charge of 50 cents for boot and shoe factories was presented to the Board on the 8th inst., and was ordered filed, and the Secretary asks if they are required to so rate their factories on that basis, or only apply the same to new risks of that class. We are further advised that at a meeting of the Board, held on the 15th instant, our communication of the 11th was ordered on file, and by a vote of six to four, three members being absent, a resolution was passed that all rates fixed by the Board shall be the rates until changed by that Board. These details are presented as an evidence of the urgency which exists for early attention to this locality by the promised Committee.

Your request to the Cincinnati and the Louisville Local Boards to furnish the comparative ratings of their respective pork house risks, as produced by the St. Louis Standard, has been complied with by Secretaries Hawxhurst and McDonald, and their reports are now before you in detail. It appears that the St. Louis schedule brings the rates on each risk in the two localities named higher, with but three exceptions, than those now called for by the tariffs of those two cities.

A communication from the Detroit Board gives information that they have adopted your request for a charge on boot and shoe factories.

Chairman Case directs your attention to the ordinance passed by the City Council of Springfield, Ill., on 1st inst., imposing a tax of 2 per cent on the premiums and receipts of Companies or agencies in that city half yearly, for the maintenance of the Fire Department, and asking your views as to the propriety of rescinding the reduction granted to that city for superior water supply and Fire Department.

Under the date of the 9th instant the Committee on Legislation and Taxation is advised that the new Insurance Bill for Texas has passed both Houses, and was then awaiting the Governor's signature. The amendments are said to be immaterial, and do not change the original bill much.

An effort appears now to be making in Georgia to impose a deposit of \$20,000 upon foreign Companies doing business in that State. An inquiry addressed us on the 22d instant, as to whether our Companies would withdraw from the State if such a law was enacted, was replied to in the affirmative.

The Fire Insurance Companies are supporting by zealous efforts the proposed bill before the Ohio Legislature, imposing a tax upon the *net receipts* of Companies equal to the average taxation of the grand duplicate of the entire State. We have not in this the co-operation of the Life Insurance Companies, who are opposing this bill, or any bill which calls for a tax upon premiums.

Your Committee some months since declined to act in the matter of the Southern Mutual Insurance Company, abrogating their 10 per cent. advance over local tariffs, it being deemed inexpedient at that time for any course to be taken which would compel that Company, which is not a member of the National Board, to separate itself from the various Local Boards with which it had voluntarily connected itself. We are now advised by the Augusta Local Board, that under date of the the 15th instant, they settled the question for themselves, and have advised the Southern Mutual that unless they restored the 10 per cent. advance, their membership in that Local Board would be forfeited; and they submit their correspondence with that Company for your attention, and they hope for your action. What your Committee deemed inexpedient, they have acted upon without wisdom. The Southern Mutual Insurance Company being not one of our members, we have nothing to say to them, and can only regret that the Local Board were unwilling to let it continue in fellowship with them on the agreed basis of the local tariff.

The report of the General Agent was accepted, and it was directed that the same be taken up in order for action.

Mr. CHASE stated for the information of the Committee that the proposed Georgia law, entitled "A Bill to be entitled an Act to regulate the law of evidence in suits upon policies of insurance" had been defeated.

The GENERAL AGENT then presented the following report :

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE,

The annual meeting of the National Board, which is named for the 22d inst., will be an event of great interest to our members, and at your present session it will be proper to consider such matters of general importance, bearing upon the welfare of this Board, as in your judgment should receive the deliberations of the members at that time. There are many matters of practical import which should have very full discussion, and it is believed that the President's annual address, and also certain of the Standing Committee reports, will present subjects of high interest to all underwriters. It now becomes us to maintain with much earnestness the fact that over and above the matter of rates, there are some other and higher purposes to be obtained by the association of Companies in a National Board, and the more we can elevate the professional character of our organization above its mere business features, the more helpful it will prove to ourselves, and the more shall we commend the objects and purposes of the Board to the insuring community. We do not need more legislation to perfect our organization or cement our ranks, as time will hardly suffice at the coming meeting to do more than develop and strengthen that already instituted.

The annual meetings of the Board afford an opportunity for us to welcome the presence here of many of the Managers and General Agents, and also the Special and Supervising Agents of our Companies; and as it is helpful to us to have them present at our deliberations, although not sharing in our formal counsels, we believe the meetings also prove helpful and agreeable to them, and I trust you will authorise the officers of the Board to extend the usual request to our members that they solicit the attendance at the annual meeting of such of their representatives as may suit their convenience. These gentlemen have it largely in their power to take with them into the field, and to convey to local agents, the spirit and the sympathies of the National Board, and we can, through their intelligent instrumentality, reach our more distant local representatives better than through any other channel.

Among the subjects which will be discussed at the annual meeting will be that of the special rating system now in practice under your direction. To make this effective, the Board should be ready to authorise such an expenditure as will enable your Committee to employ the most competent and experienced men that can be found. There is no valid reason why the National Board should not be in a position to secure for all its work men equal in ability and experience to any now in the employ of any of our individual members, and pay them a liberal compensation. What is worth doing is worth doing well, and this has an urgent application to the very important and the extremely delicate work of rating. Our representatives should have a knowledge of men equal to that they may have of

risks and rates ; and if in this regard some failures have been committed in our present working of the system, it may safely be laid to a false economy, and to which you felt yourselves bound to follow under instructions of the Board. The merits of the system are so patent, that it is trusted you may be enabled to plant it on a higher and more liberal basis.

Our representatives can in many cases avail themselves of sundry State Board organizations to associate with them members of the same, and often this would be helpful ; but to devolve the work of rating in your behalf on gentlemen whose first service is that of our individual members would in the majority of instances produce the same irregularity in operations which were found to exist two years since. All the members of these valuable organizations have not equal experience or knowledge of the field, yet it becomes incumbent upon us, in calling upon State Boards for assistance, to make no distinction among the members, while some of the gentlemen will rank in intelligence and professional knowledge with officers of Companies. It has been a pleasure and source of profit to us to consult with these gentlemen, whose opinions carry weight with them, and it is our purpose always to avail ourselves of the benefits of their mature experience.

Reference of the selection of a Special Agent for Pennsylvania was made at the last meeting to your Philadelphia members, and it remains for you at this time to consummate the appointment of Mr. Wm. Muir the Secretary of the Pennsylvania State Board, on their recommendation. If this is now concluded, Mr. Muir is prepared to enter upon his duties at once.

The matter of local or district Surveyors is of such importance that I again urge your attention to it, and ask your consideration of its further encouragement and extension. The plan has worked well at Providence, Worcester, Syracuse and St. Paul, and now at Buffalo, and in the system may be found a much needed mode of attention to the ratings of extended districts. At many other points we shall feel prepared to call upon local Surveyors for outside help, as circumstances may dictate ; and as these officers of local Boards receive their compensation alone from our members, we have every claim upon such of their time as may be spared from their purely local duties.

The Committee of Co-operation, to whom the matter was referred, nominate Mr. Jas. L. Putnam, of Leavenworth, as Surveyor of Kansas City, and upon your confirmation of this gentleman he can enter at once upon his duties ; and the Committee have arranged for Mr. Special Agent Croke to proceed immediately, in conjunction with him, to thoroughly revise the rates of that city, and submit a complete tariff of all risks to that Committee.

The Committee recommend the appointment by the Columbus State Board of a competent Surveyor, at a salary not exceeding \$1,200 per annum. This is an important point, and some of the time of a Columbus Surveyor would be employed on outside work.

On Supervising Agent Blackwelder's recent visit to Scranton, Pa., the appointment of a Surveyor for that Board who should give attention to ratings also in that vicinity was recommended, and he recommends the same. I believe such an appointment will prove very helpful to our inter-

ests in an important section of the State, and the project meets with the concurrence of the officers of the State Board. The appointment of a suitable person it would be well to leave to the oversight of our Special Agent for that State.

In all cases of appointment of local Surveyors, it would be well to record at this time your views that the same are subject to your direction for outside work in the vicinity of their particular field of operations, when circumstances and the claims of their special duties permit of such.

The Secretary of the local Board of Burlington, Io., requests the approval of some compensation for his services. His first request was declined by us on general principles, as you have already placed on record your opinion that it was inadvisable to grant a salary to any officer of a local Board who held the agency of any Company. The Secretary of the Board now responds to this, and presents his reasons for urging a compensation for the services he renders, which is now submitted to you. It would seem to be advisable to refer the matter of appointment of a salaried Surveyor for this important locality to the Committee of Co-operation for their suggestions in the premises.

In the matter of legislation and taxation by State Legislatures, I have to present to you some interesting correspondence, showing favorable action in Tennessee and Alabama, including the repeal of the deposit requirement in the latter State, as has also been done in South Carolina. In Tennessee the rate of taxation is made two and a half per cent. on gross receipts in lieu of all other taxes, which cuts off county and municipal taxes, and there has been a reduction in the fee for agents' licenses; a copy of the Bill is now before you. In Alabama the rate of taxation is made three per cent. upon premium receipts, less losses paid; and municipalities are restricted in the percentage of their taxes on premiums. Owing to this valuable reform in Alabama legislation it is now in order for you to entertain a modification or repeal of the tax charge upon policy holders imposed by and now in force in those cities.

The new basis tariff for New York State is herewith submitted by the Special Committee appointed by you, together with their report on the matter. To derive full benefit from the admirable system submitted by these gentlemen, it should be given the force of all other minimum ratings hitherto approved by you, namely, to make it binding upon all Companies and agents equally, and making thereto such exceptions as in your judgment local circumstances justify. By so doing it will materially help our operations, and will afford to local agents a reasonable charge from which they can derive the assurance that our rule of applying rates is an intelligent one, and not one of emergency. The general rules laid down by the National Board at its last annual meeting fully cover the ground, and dictate to you the mode of operation of this practical and available system of rating.

I present to you reports of our Supervising Agents on sundry examination of registers, &c., at this early part of your meeting, as it seems to me the importance of the subject demands your prompt consideration of the cases presented for your judgment.

The Albany Board request your consideration of a further concession on their tariff, namely, on the lumber risks of that city. Your recent action would make the minimum rate thereon \$1.35, and they urge the restoration of the minimum rating of 1872 of \$1.25.

The local Board of Auburn, N.Y., request a reduction in their rates of twenty per cent. Had we received this request in season we could have obtained Secretary Visscher's views upon it, in order to submit the same to your consideration at this time. As Auburn has been committed to his surveyorship, we should like to have his opinion of the merits of the claims of the desired concession.

Rochester asks a restoration of the tariff in existence before the Chicago fire. Some time since you granted an abatement of the advance imposed after the Boston fire, which, however, it is claimed does not meet the present demands of their situation. A Committee of the Board had an interview with your Provisional Committee on the 10th ult., and, in compliance with suggestions then received, the Board is now engaged in equalizing their tariff, with a view of submitting the same to your consideration.

The Buffalo Board, on the 24th inst., suspended their rates on dwellings and private barns until further action of that Board. Of this we have received no official advices, and intelligence of the same only reached us on the 27th. No action was had by this office on the subject, as but few days would elapse before you met, when a formal expression of your opinion could be recorded by you, and the same conveyed to the local Board.

The Niagara Falls Board petitioned for the abrogation of their rates on dwellings, which was referred to your Provisional Committee, and after some conference was acceded to. The local Board, it appears, had in the first instance established rates on dwellings, they being assured that it was optional with them to include such risks in their tariff—hence their request to now strike them out of the same.

The Baltimore Board submit the revision of their cotton mills, as recently made by their Rating Committee, for your approval.

I present herewith my report of a recent visit to Charleston. The local Board had on the 18th ult. reduced their tariff twenty per cent., but during my visit, on the 17th inst., they restored the tariff in full, and await your present consideration of certain modifications in the same, some of which, in my opinion, merit your sanction.

I have also a brief report to present on the Southern Mutual Insurance Company, so far as its operations appear to affect the interests of some of our members when the agencies of other of our Companies are in the hands of any of its local agents.

The Atlanta, Ga., Board, at a meeting on the 9th inst., voted, subject to your approval, a reduction in their dwelling rates, making a B dwelling 50 cents, now rating at 90 cents. It would not seem desirable to make any concession which would make the rates on this class of risk lower than our minimum rating in the State of Georgia for the same, which is 75 cents.

The Special Committee appointed at your last meeting to visit the Cincinnati Board failed to report there, owing to office engagements of some

of the members. A visit by them would have been in season, and might have prevented some action recently taken by that Board, now laid before you, and which has the appearance of ignoring all your recommendations and avoiding your action, and is subversive of the principle that the Companies should be in some measure consulted before such a radical action is taken by any body of local underwriters. Reference is here made to various action taken by the Board at their meetings of the 22d and 29th ult. At the latter date the Board embraced the City of Covington within its jurisdiction, and declared that the rates on dwellings and school-houses are inoperative as fixed by the National Board.

The new Dayton tariff is submitted herewith by the Committee of Co-operation for your approval.

The application of the Toledo local Board for a concession in their rates is submitted herewith, accompanied by an explanatory letter of a Special Committee, stating what, in their opinion, are urgent reasons for some modification of their existing rates.

The Detroit local Board are seeking for a concession in their tariff, and on the 10th ult. a prominent member of the Board had a conference with the New York members of your Committee upon the subject ; but it appears that during his absence the Board had appointed a Committee of five, including the President and Secretary, to revise and equalize their rates. We have since received the assurance that beyond a "healthful equalization" nothing will be done without your consent and approval.

The Milwaukee underwriters again ask your consideration of their case. A sub-committee of the Committee of Co-operation visited them on the 24th ult., and as the result of a free and full conference had by them with the local Board, the Committee recommend that you grant a concession of 15 cents, instead of the 10 cents formerly granted, but with the proviso that the minimum as fixed by your action should be retained, and no risk should be rated below 90 cents on stock or 75 cents on building. The gentlemen who visited the Board took the opportunity to condemn the printed circular issued by the Board, under the date of the 10th ult., to their Companies, and which also had a further and wider distribution.

The course which some local Boards resort to of publishing their views, as in this case, is much to be regretted, as it has not yet been found promotive of the objects of the applicants, and does not exhibit that respect for the action of your Committee which the interests of our cause demand. It may be said that the printing of such statements is only designed for distribution to the Companies, but it is well known that they meet with a local circulation, and thus give to the insuring community an *ex parte* statement of the situation. It would seem that respect for the Companies the agents represent would have deterred the Milwaukee Board from the present publication, as the tone of it, and its mis-statements, can only merit the reprobation of the Companies. It is an interesting fact that notwithstanding the general distribution of this circular to our Companies, not one of them has in consequence thereof made any communication whatever to your Committee on behalf of the request of the Board.

The Committee of Co-operation, to whom the subject was referred at your last meeting, report upon the request of the Central Auxiliary, as the sense of their Committee, that it is undesirable to make any change at present in the present tariff on brick or stone buildings where unbroken party walls rise to the roof, and on stocks in same.

The Committee recommend a concession of 25 cents on hotels rating above two per cent. having an automatic fire alarm of approved construction in every apartment in building.

The report was accepted and directed to be taken up in order for action.

On motion, Companies members of the Board were requested to invite their Managers and General Agents to attend the sessions of the Annual Meeting.

The matter of the employment of Special Agents was then considered, and a full discussion of the subject was had. Mr. Baker, on behalf of the Pennsylvania members, nominated Mr. Wm. Muir for the Pennsylvania Special Agency, and the matter of his engagement was referred, with power, to the officers of the Board.

The employment of a competent Special Agent for New York State was then referred, with power, to the Officers and New York Provisional Committee.

The GENERAL AGENT submitted an application for the position of Supervising Agent of the Board in the Southern States, and the matter was referred to the President and the General Agent, with the request that they report their recommendation at the next meeting.

An intermission was taken.

AFTER RECESS.

On reassembling Mr. Sam. P. Blagden, Secretary of the Board, was present.

KANSAS CITY, MO.—A recommendation from the Committee of Co-operation that Mr. Jas. L. Putnam be engaged as Surveyor of the Kansas City Board, his time to be exclusively employed in Board service at that place and vicinity,

GENERAL AGENT'S REPORT.

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE:

It should be with no ordinary feelings of pleasure and gratitude that we approach another annual meeting of the National Board. The organization has demonstrated the practical necessity of such an association of Companies, and has proved of immeasurable value to the Companies who form it—of value to them corporately, as assuring business prosperity, and to their officers individually in a professional capacity. The earnestness given by the members of your Committee in the consideration of the various matters committed to them, will testify to the members of the Board your interest and zeal in all efforts promotive of the progress and extension of the Board.

The heartiness attending the deliberations of your Committee, and the professional benefits derived by its members from every meeting, leads me to the opinion that could all the members of the National Board meet oftener than once in a twelvemonth, like advantages would accrue to its members individually, as well as to the Board. Each of the late annual meetings has been productive only of good to our operations, and we might hope for the same beneficial effect could the members be induced to attend a meeting in the autumn, as they now do the required spring meeting, if only for mutual conference and discussion, avoiding legislative matters which could be safely left to the annual meeting; it would serve to strengthen the hands of the Executive Committee and officers of the Board.

The minutes of the proceedings of the Executive Committee for the past year are now all in printed form, and ready for the inspection of the members of the Board. It will be found that your deliberations have covered wider fields and more important subjects than previous files of your proceedings for a like length of time will show. Having been favored in attending upon all of your meetings, I have been witness to the care and thought which every member has bestowed to the subject immediately presented.

I do not here give a resumé of the principal acts of the Executive Committee, such as has been found in my previous annual reports, as under the system of indexing our various proceedings for each twelvemonth, members can at a glance ascertain such, should they not have perused the proceedings on their receipt of them.

The work devolving upon this office has necessarily increased with the growth of the Board; and I hail this as an evidence of vigorous life, for did not our labors increase we should feel that the strength of the institution was on the wane. While no new legislation has been attempted the past twelvemonth, yet the furthering and developing of what was already established has involved much labor, necessitating an increase in the number of those who are to perform the labor. It is this sense of life and vigor of the National Board which animates all its employees to perform labor of no

ordinary kind. And I cannot refrain from placing here on record my testimony, that in all my business associations for more than a quarter of a century, have I been favored to be surrounded by gentlemen who, equally in the field and in the office, have displayed so much zeal and faithful service, as those who are now the chosen messengers and dispensers of our actions. And this faith as to the firm establishment of the National Board and also its duration, those who thus serve you and the Board believe the members of your Committee fully share and participate in.

OFFICE.

I have to report 1,024 Local Boards on record at this office on the 1st inst. And there are on file 943 Local Tariffs, covering the ratings of 3,440 different localities.

The correspondence continues voluminous, and, I may add, with unabated interest. There have been received for the twelvemonth, ending 1st inst., 12,524 letters, and there have been 14,200 letters written and mailed, being an average of about forty-six letters for each working day of the year.

Of circulars, 106 have been issued, all going to our members, the greater number being also sent to the General, State, and Special Agents of our members, now numbering in all 259, and many to Local Boards, and occasionally some to Local Agents, the members of those Boards. The total issue of circulars have been 65,065. Of rate-slips, 562 in all have been issued, these being sent to our members and their managers.

The office force consists of nine in your permanent employ, assisted at this time by a temporary clerk. This is exclusive of the printer and his assistant. It is with pleasure I report to you the faithfulness, and willingness, and heartiness of all these, who give themselves with no common interest to the performance of the various routine and other duties committed to them. And I must particularly note here Secretary Miller's intelligent and careful attention to all his duties, which now embrace the direction and oversight of the office force, in addition to the responsibility of those of his position as your Secretary.

My duties have called me away from the office during the past year on four different occasions. In company with Chairman Crowell and Messrs. Walton and Willmarth, I attended the meetings of the Northwestern Association and the Association of Southern Underwriters, held in Louisville, on May 20th and 21st; the Local Board of St. Louis, on May 23d and 25th; meetings of the Chicago Agents, May 26th and 27th, where I also attended the monthly meeting of the Committee of Co-operation. In August I proceeded to Chicago, and attended a meeting of the Committee of Co-operation on the 25th. In November, from the 20th to 24th, I was in Chicago, in company with the Special Committee appointed to examine into the reforms and improvements in Fire Department and Water Supply, with a view to making a report thereon to our Companies upon which their action should be based of their renewing their business in that city. In the month of March I spent the 15th to the 18th in Charleston with the members of the Board in

examining into the proposed general reduction in their tariff; the 20th to the 22d with the Savannah Board, examining into the Water Supply and Fire Department, and the 23d and 24th with the Local Board of Augusta, Ga.

SUPERVISING AGENTS.

Mr. Jacob Peetrey having accepted the responsible position of the management of one of our Companies, tendered his resignation, which took effect on January 15th last.

Mr. R. J. Smith having been tendered the Secretaryship of the Traders' Insurance Company, of Chicago, accepted the same on concurrence of your Committee, after a short service in our behalf, and his resignation was consummated on July 1st last.

Mr. W. S. Denny was appointed, May 14th last, and was assigned to New York and the New England States.

Mr. C. H. Ford was appointed at the same meeting, and was assigned to this office for special service. To Mr. Ford is committed the important duty of reviewing all ratings submitted for your approval by your Special Agents or from Local Boards.

Mr. I. S. Blackwelder was appointed in July last, and assigned to duty in the Western States generally. Since Mr. Peetrey's resignation, he has done much important supervising in the State of Pennsylvania.

Let me ask your attentive perusal of the reports of these gentlemen, as they not only evidence the amount and character of work they have severally performed, but embody some suggestions of practical value, based upon actual observation of the needs of the particular fields in which they are operating, and they testify to the very faithful and onerous service they have given in the discharge of the responsible duties committed to them.

I cannot too earnestly commend this supervising system, now well established. It has proved immensely helpful to your operations, and much has been accomplished by it; yet the field is so vast, and embraces interests so varied and important, that the present number of our Supervising Agents is small for the great amount of oversight and supervision which are required of us. The record of the labors performed by these gentlemen will, however, convince our members of the great extent of the work accomplished by them. At some points a visit of a day or two will bring harmony out of dissensions, yet at other places, more than one visit is called for before local controversies can be allayed. Your representatives are always welcomed, and in a manner that is not always extended to one who serves any one of our companies; his mission is recognized as serving no particular interest or views, and his conclusions are received with a concurrence, if not always with approval, by the Local Agent, who would not so respond to any one who was not solely and entirely in your own employ. In short, I can only re-affirm the views on this head which I submitted to you last year, and shall heartily welcome such further appointments of Supervising Agents, as in your discretion you may authorize the officers of the Board to make.

SPECIAL AGENTS.

The system of Rating by Special Agents has commended itself to you in principle. While the details have been new and in some directions untried, it is yet shown that it is alone with this arm of your service that you can accomplish and perfect a well established system of local rating. We have maintained that such officers are helpful to the work of the Local Agent, but in many cases the Local Agent will not give any co-operation to them when asked to do so. It is a work that requires care and judgment, and it is with gratification that I allude to your recent action, looking to the employment of gentlemen whose intelligence and extended experience will greatly promote sound rating, and the increase in well matured local tariffs. We have had temporary assistance in this direction, and much has been accomplished, enough to assure the hope that we now have the right instrumentality to secure proper local ratings. There are now engaged in this branch of your work Mr. C. L. Webster, in New England; Mr. William Muir, in Pennsylvania; Messrs. C. C. Griswold and E. J. Barney, in temporary service in New York, and Messrs. J. B. Rowley and W. D. Crooke, under the direction of the Committee of Co-operation.

LOCAL AND DISTRICT SURVEYORS.

Much advantage has accrued to our interests by calling occasionally upon surveyors of Local Boards to examine and report ratings upon risks outside of their territory; so well has this approved itself to us that it seems evidently expedient and wise to develop a system which has from small beginnings become very helpful to us. The Local Surveyor is acquainted with the vicinity of, as well as the immediate territory covered by his Local Board, and he can make thus as near uniform as is advisable and practicable all ratings in any given district. The plan is an economical one to the Companies, and the expenses are borne in the usual mode through the Local Board of which he may be nominally the surveyor. It is proposed to extend this system to such localities as may appear to call for its application; and, in time, should it fulfil its present promise of effectiveness and thoroughness, we may confidently look to have the whole field of our operations under the care and oversight of District Surveyors. It insures prompt attention to new or improved risks, and we find that the more prompt attention we can give to such matters the more beneficial is the result of our work; in other words, the more we can facilitate the work of the Local Agent in his current business, the more do we facilitate the operations of those of our members who are interested in any given field.

LOCAL AGENTS.

These gentlemen do not always appreciate the importance of prompt attention to the perfection of their local tariffs, and often do not have the extended knowledge of risks which would enable them to determine a proper rate. Again, many are unwilling to spend the time in systematic rating of their locality. An instance occurred within the past fortnight where a

County Board made their arrangements to begin their ratings by sub-committees, but ascertaining they would not be paid for their time thus employed desisted from the work, and applied for a Special Agent to rate their district.

The Local Agent should in all cases have full opportunity for a conference with your representative on his rating duties, notwithstanding the practical difficulties alluded to above. It is held by us that while the Local Agent cannot do without the Company's larger and wider experience in making any given rate, no less can the Company ignore the Agent's knowledge of his locality and of his neighbors. And as to their respective or comparative interests in the matter of business, the difference is not great between them, for although one furnishes the capital, the other invites the local business which that capital seeks. And while each has thus an equal share in the business, it may be said not to be of like kind, as to the capital properly belongs the final decision as to rate; in other words, the manufacturer best knows how much he ought to get for his goods to remunerate him for his venture, and cannot safely leave the decision of this to his factor. These suggestions only present in another manner the views submitted by me in my previous regular reports to you on the proper yet necessary relations which exist between the Company and its Agent, relations which are mutually beneficial, and which should be mutually guarded and preserved.

LOCAL BOARDS.

Time continues to demonstrate the value to your interests of these organizations, inasmuch as they secure that association of local underwriters together at stated times, which is helpful to them individually as professional men, and thus become necessarily helpful to the individual interests of our Companies. It is certainly true that if Companies appreciate the benefit of an association for the interchange of their views and for uniting in sound practice, their local representatives should likewise feel the benefit and advantage of their mutual association. The attention of our members cannot be urged too strongly to a renewed consideration of these important auxiliaries, and should keep constantly in view all measures tending to preserve their efficiency.

We should welcome a custom of the Special and State Agents of our Companies of meeting with the Local Boards on their travels. And it should be a rule with these gentlemen, when two or more meet in any city or town, to ask a conference with the Local Board, in order to discuss with the members questions of practical importance, in which their knowledge acquired over a more extended field will often prove of signal service to the local agent.

We hold that a Local Board has higher purposes in view than the mere maintenance of a tariff. It has a duty to the community which surrounds it of being the leader in all municipal reforms in Fire Department, Water Supply, and kindred matters. As professional men, the members of a Local Board have a responsibility resting upon them for which any com-

munity will hold them responsible if in times of emergency it has been found that, for want of practical advice and a wise leadership, the citizens have been left without the proper means of efficient protection from severe fires. Earnest men of all professions look beyond their daily battle for existence, and with increased self-culture strive to make their fellow citizens share the results of their knowledge. If the lawyer seeks to improve the code of his Town or State ; if the physician rises above the application of his healing art to individual cases, and strives to improve the hygiene of his locality ; there is no cogent reason why the underwriter should not look beyond his tariff and his policies, and endeavor his utmost to make his townsmen measurably safe from sweeping fires. It is this professional character which the local underwriter should realize and believe in ; and the more this idea can be extended, the more will he be sensible of its dignity and usefulness,—second, indeed, to none of the learned and leading professions of the land. As the lawyer or the physician have each his recognized code of charges for professional services, but looks beyond this, and yearly advances in the knowledge of his profession ; so the local underwriter should look upon his tariff only as his approved code of charges, and far beyond this, by reading and study, seek in his individual capacity to advance and enlarge his profession, and cause the community in which he makes his home to feel the advantage of his efforts in the improvement of all municipal regulations bearing on the question of fire hazard of his locality.

EXPENSES OF LOCAL BOARDS.

A reminder must here be recorded to our members, of the means adopted by your Committee to secure to them a proper voucher for all expenses incurred by Local Boards. Our members who are engaged in an extended agency business cannot observe this too closely. Local Boards are not necessarily prone to undue expenditures, but they will frequently vote sums greater than the actual needs demand. The respective sums apportioned to each Company may seem small, but the Company should nevertheless scrutinize them, and see to it that it is not contributing to some unnecessary expenditure. By the present system it may be safely estimated that so well have Local Boards come to understand this now, that enough has been saved through these millennial channels of hitherto unauthorized expenditure, to amount to one half of the entire expenditure of the National Board for the past year. With this fact before us, will not Companies pay the greater heed to this wise regulation of yours of demanding a reference of all expenditures to this office for approval ?

STATE BOARDS OR AUXILIARIES.

While local ratings are now committed to the attention of your Special Agents in connection with Local Boards, there yet appears no less desirability in the continuance of these bodies ; and it is trusted that our members, severally and individually, will extend all convenient facilities to their field representatives to attend the stated meetings of such. If Local Boards are helpful to the local agent, so are State Boards to the State agent ;

and, what is of greater moment to us, they are of advantage to all our Companies, in that their field representatives are brought professionally together, and whatever benefits them can only redound to the benefit of the Companies they represent, and consequently to the National Board. It was a grave misapprehension on the part of the members of several of these bodies that it was your desire they should cease; and it has been the aim and effort of this office to strive for their perpetuation, as affording the only recognized means of bringing the field men of any one State or section face to face in a professional conference. By so doing it has been felt that we have been carrying out both the spirit and the letter of the action of the last annual meeting of the Board, when it recorded its direction to the Executive Committee "to indicate to the members of the Auxiliary Boards the manner in which they can hereafter best assist in the development of the work of the National Board;" and which, when in complying with, you "placed on record your appreciation of the importance and the benefit which the various organizations known as State Boards have proven in the work of the National Board."

COMMITTEE OF CO-OPERATION.

Our thanks are due to the gentlemen, who, as your Committee of Co-operation, have so diligently and earnestly given their time and their labor to the oversight of ratings in the West and North-west. Without the instrumentality afforded by such a Committee, your work in the vast sections referred to, could not have been so well kept in hand, and the intelligence and experience of its members is a guarantee that the trust committed to them has been executed with faithfulness. I ask your attention to their report which is now submitted to you, as an interesting and valuable record of their labors, and testifying to the carefulness and thoroughness with which their responsible duties have been performed.

CIRCULARS.

All the printed matter from this office, should receive the notice and attention of the Executive Officer of the Company, or the Manager of its Territorial Department. In no other way can the Officer or Manager keep fully advised of your published action. It is thought, that inattention to this, leads largely to lax support of many of your rules and ratings, and a want of promptness, which this causes in some directions, leads to hesitation in others. *The only remedy for this is for Companies to rely on their mutual obligations one to the other, and to proceed at once and to notify the local agent to correct any irregularity of practice in rate or rule.* There are obstacles to simultaneous action often on the part of all our Companies, owing to their scattered locations, and to the local agent receiving his directions for correction or otherwise at different times, caused by distance, more or less, and unfrequent mails, as the case may be. But when the local agent finds all Companies acting with promptitude in the way of correction he will cease experiments in bad practice, and the Companies will surely relieve themselves from the frequent importunities submitted for their

re-consideration of any alleged blunder or mistake. It is believed, and with sufficient reason, that were your rules and rates, as duly promulgated, not suffered to fall into the hands of subordinates alone, that many, if not all, of the complaints preferred against one Company or another would cease. It is found in many cases that Officers or Managers of Companies are surprised, and justly, at the charges preferred against their representatives, and immediately proceed to a correction of a mistake which has, perhaps, been quoted to their prejudice, and which could have been avoided by a *simple rule requiring all publications from this office to be submitted directly to them.*

RULES OF THE NATIONAL BOARD.

In November, 1873, under your direction were compiled the Rules and Regulations of the National Board bearing upon the practice of underwriting in forms of policies, adjustments and extra privileges, in the use of combustible and dangerous articles, and in those defining the membership of the Board and the conduct of the agency business, and other like necessary laws. They were submitted to you at your December meeting of that year, and the expectation was entertained that before publication was made of this authorized codification, that you would amend the same wherever in your judgment time or circumstances called for such. This was never done; and the code is now submitted to you, bringing it down to the 1st inst. In it will be found arranged under the appropriate heads the various rules which should govern our practice in all cases. In former years many of these rules became operative alone through the Local Board organizations, and much delay occurred in their enforcement, and indeed in many cases they were never enforced. There seems under this mode of applying our rules to have been practical error, namely, that of requiring Local Agents to enforce them before the Companies had virtually submitted themselves to be governed by them. I beg to submit, therefore, at this juncture, to your consideration, whether the time has not now arrived when you should ask instructions from the Board upon the matter, and if you should make a special request to that end, to have the code referred back to you, with power to declare which of the rules adopted at various periods are to be enforced, and to declare at the same time that they are equally and simultaneously binding upon Companies and their agents. In hitherto endeavoring to enforce our rules through the local action of our representatives, instead of through the principals our own members, have we not virtually destroyed their vitality, and consequently their efficiency? If our rules merit compliance, should we indeed not require their firm establishment at the hands of the officers of our Companies, rather than approach them through their distant local representatives? Have we not erred in demanding of the latter the enforcement of measures, which by right and justice we would only ask of our members; in other words, has not our custom been faulty, and hence practically inefficient of aiming to bind rules upon ourselves, by seeking their application and enforcement through the indirect and unequal means of first binding them upon the local agents?

Permit me, Mr. Chairman, to offer to you and the members of this Committee my thanks for your support in all the duties devolving on me, and for your counsel in guiding me to a proper performance of them; and to you, Sir, and also to President Oakley, am I under particular obligations for unvarying assistance by your wise advice on all occasions, and for your kindness in permitting frequent interruptions when I sought your counsel.

In closing, let me express the belief, which I know is shared in by you all, that in the Tenth Year of this National Board, on which we now enter, we shall see the foundations of the institution growing broader, and the superstructure becoming more massive, and all the members strengthened in the knowledge that in and through our organization only can our Companies attain to a compensating and living business, and their officers acquire a more thorough knowledge and love of their profession.

Respectfully submitted,

THOMAS H. MONTGOMERY,

General Agent National Board.

NEW YORK, *April 21st*, 1875.

[Applause followed the reading of the report.]

The PRESIDENT: As the report of the General Agent forms part of the report of the Executive Committee, it will take, unless there be objection, the same course as that report.

It was so ordered.

The PRESIDENT: I beg to announce to the Board the appointment of the following named gentlemen, to compose the Committee to consider and report upon the recommendations of the President, in his address, and of the Executive Committee:

Messrs. GEO. L. CHASE, of Hartford, *Chairman*,
 W. G. CROWELL, of Pennsylvania,
 W. M. RANDELL, of New York,
 E. F. BEDDALL, of the English Companies,
 GEO. F. OSBORNE, of Boston,
 S. C. PRESTON, of Hartford,
 H. H. LAMPORT, of New York,
 W. A. WEBB, of Nashville, Tenn.,
 L. W. CLARKE, of Meriden,
 C. L. SKEELS, of California Companies,
 E. D. HOLTON, of Milwaukee,
 F. O. AFFELD, of the German Companies,
 And JNO. W. MURRAY, of New York.

Mr. BAKER: I move that the meeting take a recess of one hour, as I am advised that lunch has been prepared for the gentlemen who wish to refresh their fainting natures.

The motion was carried, and the President announced an intermission of one hour.

AFTER RECESS.

The President called the Board to order at 3 o'clock P. M.

The PRESIDENT: The receiving of the reports of the Supervising Agents of the Board is now in order. They will be presented by the General Agent.

The GENERAL AGENT: I take pleasure, Mr. President, in submitting the reports of the Supervising Agents, and should esteem it a favor to ourselves if every member of the National Board will carefully peruse these reports, as they demonstrate the value of the work done by the gentlemen who represent us in that capacity.

Mr. WALTER PAINE, of Providence: As these reports are in print, I suggest that their reading be dispensed with, and that they be distributed among members.

It was so ordered.

REPORTS OF SUPERVISING AGENTS.

PHILADELPHIA, *April*, 1875.

THOS. H. MONTGOMERY, Esq.,

Gen. Agent Nat. Board of Fire Underwriters, N. Y.

SIR :

I herewith present a *resumé* of my work for the past year, having made reports from each place at the time visited. A brief summary is only presented herewith.

The extent of territory visited during the year was eleven States, and the number of miles traveled exceeded 27,000.

MR. CHAIRMAN AND GENTLEMEN

OF THE EXECUTIVE COMMITTEE:

At your last meeting being the first of the new year of the National Board, your deliberations upon matters of general interest engrossed your session of three days, and no time was left for your consideration of the reports of your Supervising Agents upon their attendance at sundry trials, and their examinations of books and papers. Your attention is now asked at the outset of this session, to such cases as were then ready for your consideration, and to others since reported. The importance of prompt attention to reports of your representatives upon local troubles and grievances is very great, and early action, looking to a proper correction of such difficulties seems requisite at your hands, in order not only to prevent the further spread of such but to act as a cure for those already existing. If an agent has been proven guilty of an infringement of rates and rules, his companies should be advised of it, and should be early notified of your judgment in the matter; if on the other hand an agent is found guiltless, he should have equally early advices as to such acquittance.

The system of fines as a means of discipline to unfaithful agents, would be very effective, did the companies interested take immediate steps looking to the enforcement of the payment of such; notification is made by them in each case to their agent, and there the matter appears to rest until we direct anew their attention to your action, and advise them the fine remains unpaid after the expiration of the required thirty days. Could a rule be established requiring the local agent to cease issuing any policies until his fine was paid, as has been suggested, it would be well; but how far your companies would endorse this practical suspension of their business, might be a question under your present allowance to the local agent of thirty days within which to pay his fine. I am prepared to believe, that the required immediate *cancellation* of all policies found below rate, would risk in many cases greater punishment and annoyance to the local agent than any fine. To the wealthy agent, the amount of fine may prove insignificant—to the poor agent it but proves a basis of appeal for mercy and delay. As to the extent of fines, they should as a general rule be limited to the amount of commissions the agent has earned upon cut premiums; this will, in the depriving him of all profit in issuing policies below rate, destroy all inducement to continue such ill practices, under the knowledge that our instrumentalities would in the end discover and expose such.

For any second conviction by trial or examination of books, a rule should be established by our members, in every case recalling their commission from the agent thus shown to have continued the practice of violating rates or rules. No other procedure than this extreme course of removal of an agent will accomplish a cure of ill practice in any locality, and remove from a local board the evil example engendered by a faithless agent, who continues notwithstanding to represent any of our members.

Your Committee on Co-operation met on the 10th inst., at Chicago, in their room at No. 164 Randolph St., and organized, Mr. Bennett being Chairman, by the election of Mr. Cary as Treasurer, and A. F. Allen as

Secretary. Assistant General Agent Ford was present and assisted in the work of the Committee. As it is somewhat uncertain whether Mr. Ford can remain permanently at Chicago, and in view of his possible continued connection with this office, the Committee have made a recommendation for the appointment of Mr. Geo. T. Holloway as Supervising Agent, whose duties should be mainly in connection with the work of the Committee at its Chicago office.

In addition to sundry amendments in your April tariff, in its rules as well as rates, recommended by the Committee, and which are submitted herewith, the members memorialize your Committee to take such action as regards the territory covered by the operations of their Committee, as will make a definite and entire separation of non-Board Companies from the agencies representing any of our members. The reasons stated by them for such a measure are well stated, and appear in season. The disadvantages are many, arising from the association of our agencies with non-Board representatives, greatly balancing the policy and advantages accruing from their affiliation. Should it appear that the time has not arrived when the course now asked of you could be made applicable to all points covered under the operations of that Committee or to any sections of our country elsewhere, it would be well to seek its application to some special point or State where the evils arising from the affiliation referred to have been more patent than elsewhere and more disturbing to the interests of both Companies and Agents.

Apart from the nomination of Mr. Holloway for the Western field as Supervising Agent, there is no nomination before you for an additional Supervising Agent for the Eastern and Middle States, although the demands upon your consideration of local claims of Boards and their tariffs remain as urgent as at your last meeting, for the appointment of such.

Mr. J. B. Visscher, of Syracuse, has been appointed Special Agent for New York State, and entered upon his duties with his accustomed efficiency on the 1st inst.

The Guaranty Insurance Co. of this city applies for membership in the Board. This Company has not yet become connected with the Local Board of New York.

In this connection, reference is in order to the fact that sundry of our members located in this city have withdrawn from the New York Local Board. This body being an incorporated institution were, under their laws, not in power to exercise prompt and effective discipline over some erring members, and those of our Companies who have resigned from it have been greatly impelled thereto by the continued bad faith of some of the Companies doing only a local business and which failed of ready correction.

The Humboldt Insurance Co. of Newark tenders its resignation as a Member of the Board.

The Glen's Falls Insurance Co. pursues a long established practice of writing dwellings in Ohio regardless of our minimum rates. By reference to past proceedings it will be found that you gave attention to this matter in June and again in December, 1878.

The Royal Canadian Insurance Co., through its Chicago General Managers, is pursuing a course in direct antagonism to our interests, and contrary to the faith of their membership, by withdrawing many of its agents from Local Boards. To all communications from us on the various points reaching our knowledge, replies are in some cases received assuring us of early attention to the different cases, but nothing definite has been reported to us of action taken. Their Chicago local agency still remains unconnected with the Local Board of that city.

The Manufacturers' Insurance Co. of Boston is still represented in Portland, Me., by a gentleman who has never been connected with the Local Board, and has recently appointed a non-Board Agent in St. Louis as its Agent.

A Special Meeting of the New York State Board was held in Syracuse on the 8th inst., which was largely attended. Messrs. Kellogg, Murray and Willmarth, also the General Agent, were in attendance on its sessions. A very excellent discussion took place upon the situation of affairs in the State, and the members gave their assurance they were ready to perform all needed help in the field. The propositions submitted by them may be open to question, as under the sanction of such many matters of interest would be attended to by the various District Committees without having due conference with you upon the important points brought to their knowledge. Our Special Agent for the State has frequently already sought the aid and intelligent co-operation of the various State and Special Agents in his field work, and hopes to continue to rely upon the efficient instrumentality those gentlemen offered us in the field.

I have to inform you that on the 29th ult., we received notice of the withdrawal of eight of the Boston Companies from the Underwriters' Union. The reasons stated for this course are found in the fact of the creation of some new local Companies who would endeavour to establish their business upon a lower system of rating than the Union tariff called for, to the annoyance and possible loss of those who remained faithful to the tariff, and it was hoped that this action would serve, after a space, in inducing the new Companies to ally themselves with the Union. This course has already brought its fruits in much reduced rates of premium to those Companies from the necessary enlarged competition resulting from their withdrawal from the Union, and has not yet opened out hopes of the new Companies seeking business upon a common basis with them.

The Local Board of Buffalo has become singularly demoralized, and members who have in times past given their adherence to conservative rates are now "holding their business," which simply means a greater regard for their commissions than for the approved tariff. The report is herewith of the Committee who recently visited that city—namely, Messrs. Denny, Bassett, Marr and Barney, which sets forth a state of affairs demanding your very serious attention and equally prompt consideration. Should the evils now reported continue and increase, the only apparent remedy is a withdrawal of the commissions of many of our members from some of the present agencies, which may be a severe but a necessary lesson.

The three-fourths clause entered in your Southern April tariff, with certain local exceptions, is objected to by one of our Companies doing business in that section. The objection on their part lies in the want of authority on your part to enforce a rule which they claim is one alone of individual practice with Companies as they may elect. As their views are firmly maintained upon the question, they have protested against the requirement involved in this general rule, and have in no case sought the enforcement of it in their policies except so far as their own previous custom had warranted them in doing. The request for your action in the premises was largely sustained by our Southern representatives, and your action received endorsement at the annual meeting of the Underwriters' Association of the South, held in Savannah on the 12th ulto., and which I had the pleasure of attending in company with Mr. Cram, in the following motion, which also involves a request for its extension to other parts of the country :

Resolved, That it is the sense of this Association that the same reasons which exist making the adoption of the three-fourths clause desirable in one section of the country, equally exists to make it desirable in all the States ; and that it is the opinion of the Underwriters' Association of the South that it is advisable to enforce the three-fourths clause in cases of all dwellings and mercantile risks in the country, and in towns having no fire departments.

The Local Board at St. Louis continues to decline the admission into membership of Messrs. L. L. & Moses King, and the Board at Lawrence, Mass., in like manner oppose the membership of Messrs. Mann & Hutchins, whose application has been before the Board for five months. Both these parties represent Board Companies. Inasmuch as the National Board cannot say to one of its members whom it shall not commission as its agent in any locality, it would appear to be entirely out of order for any Local Board to deprive a Board Company of membership therein, seeing that it is a fundamental rule of the National Board that its members must be represented in Local Boards at all points where they do business. The fact must not be lost sight of that the local agent is only member of the Local Board by right of holding the commission of a Board Company, and is not so as an individual. The moment he loses his commission he loses his status in the Board. And further, the Company must be the sole judge of the fitness of any gentleman to hold its commission. A communication was addressed to the St. Louis Board from this office on the 12th inst., directing their attention to, and enclosing a copy of your resolution on the subject, to which a reply is expected.

The Chicago Local Board on the Tuesday after our May meeting applied your action on their amended tariff, and the same is in successful working. The Board claimed that they understood the charge for absence of Watchman and Watch Clock in mercantile buildings, was to be made 25c. and not continued at 50c. This was not so understood by your Special Committee, but the same was nevertheless assented to, and the Board so advised.

The Milwaukee Local Board are much disinclined to keep this Office advised of their various actions, especially in the matter of rates, and are indeed disposed to be their own judges of the necessity which may ap-

pear to exist to adopt rates from time to time, to suit the emergencies arising from outside opposition. Were the members of this Board to move forward and sustain the united action of their principals, they would relieve themselves of much opposition which their timid course only fosters, and would do more justice to the important interests confided to them.

Our interests in Cincinnati are well served, and your recent attention to matters there, and Mr. Ford's recent visit and attention to their ratings, have been vastly helpful to us.

The Detroit Tariff remains in MS, and some of our members appeal to us to direct the printing of it for general reference.

The San Francisco Local Board has powers also which entitle it to the jurisdiction of a State Board, inasmuch as it maintains a general purview of the ratings of all the towns in the Pacific States. They write us to enquire how far is applicable under this statement of facts, your imperative rule of requiring all Local Boards to submit their ratings for approval, as reiterated under Circular No. 208.

The Local Board at Charleston ask your consent to their rating their city, under the South Carolina minimum, with 25c. off, and for the appointment of a Surveyor. Both requests are in order and can safely be granted, and the resulting tariff from such a change will be in accordance with your action of April 1st last, upon their request for a general reduction in rates. The appointment of a Surveyor here will be beneficial to our general interests in that city, in its growing importance, and will be helpful to the members of the Board.

Ottawa, Kansas, has called for a license fee from underwriters, and the only way to counteract its effect and secure its repeal, is to call for a tax charge upon all policy-holders in that place.

The Philadelphia members submit their report on insurances on oil in custody of Pipe Line Companies, both as to Rate and Form of Policy.

The Committee on Co-operation recommend the appointment of a Surveyor, whose duties shall pertain to the cities of Davenport, Rock Island, Burlington and Dubuque and their vicinities.

On motion, the report was accepted and ordered printed in the minutes.

FINES OF AGENTS.—A consideration of the matter of certain fines remaining unpaid resulted in the adoption of the following resolutions :

Resolved, That the General Agent be and he is hereby directed to draw after the expiration of the thirty days, as heretofore provided, on such agents as have been fined, at ten days sight, in favor of the Secretary of the Local Board, to be by him remitted on collection to the General Agent, in accordance with previous action of this Committee.

Resolved, That such agents as refuse to honor and pay such drafts within the time named, shall be amenable to removal, and this Committee pledge the Companies they represent to remove such delinquent agents, and do hereby adopt this requirement as a rule of the National Board and binding on all Companies.

Reports of Supervising Agents on the examination of books, and trials of agents at the following named places were then read, and, after consideration, action was had as recorded in the written minutes :—

Aurora, Ill. ; Bangor, Me. ; Burlington, Vt. ; Erie, Pa. ; Gallipolis, O. ; Knightstown, Ind. ; Lawrence and Lowell, Mass. ; Maysville, Ky. ; Northampton, Mass. ; Portsmouth, O. ; and St. Joseph, Mo.

Appeals and special cases were then considered as presented in papers from Altoona, Pa. ; Bloomsburg, Pa. ; Cincinnati, O. ; Kansas City, Mo. ; Portland, Me. ; Wilkesbarre, Pa. ; and action had as appears in the written minutes.

Mr. Jas. Nichols, Secretary of the National Ins. Co. of Hartford, Conn., here entered and was invited to remain.

The following preamble and resolution, defining delinquencies for which Agents are not amenable to local Boards were unanimously adopted :

Whereas, Complaints have come to this Committee from Local Boards regarding the conduct of members of Local Boards in relation to matters other than such as relate to the maintenance of the rates and rules of such Boards, and

Whereas, Local Boards have in a limited number of instances expelled or sought to expel agents from such Boards for causes other than those above named, and of such character as the National Board have never sought to regulate or control, being regarded either as questions of moral ethics or of personal or financial relations between principal and agent, such as moral character of agent, financial ability, or personal integrity and honesty, Therefore, be it

Resolved, That in the judgment of this Committee, Local Boards should not attempt to put upon trial or expel any of their members, except for violation of the rules and rates of the Local Board or those of the National Board, and

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE COMMITTEE'S ROOMS, 156 BROADWAY, NEW YORK,
JULY 29TH, 30TH AND 31ST, 1875.

July 29th, 1875.

The meeting was called to order at 11 o'clock A. M.

In the absence of the Chairman, on motion, Mr. H. Kellogg took the chair.

The SECRETARY called the roll, and the following named members were found to be in attendance: Messrs. Alfred G. Baker, Dwight R. Smith, D. A. Heald, B. Lockwood, H. Kellogg, John W. Murray, Geo. T. Cram, Geo. L. Chase, J. S. Parish, and E. A. Walton (in place of Mr. Oakley).

Mr. Wm. A. Webb, representing the Committee of Co-operation; Chas. H. Ford, Assistant General Agent, and Supervising Agents W. S. Denny and I. S. Blackwelder, were also present.

The minutes of the last meeting being in printed form before the members, the reading of the same was dispensed with.

BOSTON.—On motion, 2 o'clock P. M. was fixed as the hour for the consideration of Boston matters.

Chairman Crowell entered and took his place.

The CHAIRMAN presented a letter from General Agent Montgomery explaining his necessary absence.

The following report of the General Agent was then read by the Secretary :

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE.

Some unfinished business from your last meeting appears to call for your attention at the beginning of this meeting ; and after the disposition of such, I will ask your consideration of reports of your Supervising Agents on sundry recent examinations into agency registers, as well also appeals from Agents who were, at your last meeting, fined for violations of rates.

Your late action directing that drafts at ten days sight be made upon Agents thus fined has worked advantageously, having served in most cases to assure the Agent of the force of your action when imposing the fine. Under your resolutions, the non-acceptance of such draft makes the Agent amenable to the removal of his Companies from him. It is possible when this system of drafts is more widely known, that the Agent will, upon receipt of notice of his fine, put in his appeal, if he has any to present, and not wait until the draft is made on him and then appeal, thus making him liable to the loss of his Companies. Some cases are now before you where the protested drafts are returned and Companies interested are awaiting further " explanations " from the Agents so acting ; thus, in fact, making almost nugatory the force of your discipline. But one custom should prevail, and that is for Companies to insist on the payment of the fine, let the consequences be what they may, and then rely upon your Committee to return the amount of your fine should it be found, on appeal, that new evidence entitles the Agent to a remission of the same or a portion thereof.

Considering the importance of some of the reports from the Western field, Mr. Blackwelder's presence at this meeting has been arranged, in order that he may add such verbal statements as may be deemed requisite to a more complete understanding of the situations respectively.

I trust that the recommendation of the Committee of Co-operation will at this time be acted on by the appointment of another Supervising Agent. Until this is done we are unprepared to give that prompt attention to troubled points which the nature of our business demands. I heartily endorse the nomination of Mr. Holloway made by the Committee.

Mr. Denny's term of service with us ceases on the 15th prox. by his resignation as Supervising Agent, as he has accepted the secretaryship of a new Boston Insurance Company which shortly thereafter begins business. Mr. Denny's experience in the field, his acquaintance with local Agents, his knowledge of the business and ability and intelligence, all have tended to the success of his work on our behalf; and in the diligent discharge of the various duties assigned him, he has so faithfully represented the interests entrusted to him, that the officers of the Board contemplate the severance of his official connection with the work of the Board with much regret.

To fill the vacancy thus created calls for your attention at this time. Mr. C. T. Webster, of Hartford, who has for some months been acting as Special Agent of the Board in New England, would fill this post with eminent ability, and his appointment would meet with general acceptance. In this connection I would ask your confirmation of the authority granted Mr. Webster to examine books, &c., of agencies in Berkshire County, Mass., in addition to those of North Adams, which latter you voted him at the **May meeting**. It seemed desirable to extend this examination through the entire county, and as time was pressing, he was authorized to proceed subject to your present confirmation.

I beg here to ask your attention to certain ratings, properly calling for your prompt attention, and their importance merits your action in preference to some other subjects.

Referring to Charleston, S. C., approval has been duly given to the re-rating under the South Carolina Minimum, and the Board is now progressing in the work. A letter is now submitted asking approval of the temporary employment of a Surveyor, which is in order, as it will accomplish the work and spare the necessity of the permanent employment of a Surveyor, which at present does not appear to be essential. The suggestions of sundry wharf rates, also now submitted, merit your attention. They are more equitable than those now prevailing, but not altogether up to our State Tariff. The fire on the 22d inst. on Gadsden's Wharf demonstrates the exposure to large fires which certain of the Charleston Wharves present.

It gives me pleasure to report that Mr. Castleman, in compliance with your request, withdrew his declination of your appointment as a member of the Committee of Co-operation under the accompanying letter of 22d ultimo.

Agreeably to your action regarding certain members of the Board whose position received your attention, I have to present to you a letter from the Royal Canadian, accepting the alternative presented them. From the Manufacturers I have received no response, and therefore the name of that Company is stricken from the roll. I am advised by a letter from the Secretary of the Glens Falls Insurance Co. that the response of that Company will be presented by Mr. Elisha Alliger, one of the Directors, in person.

Under date of 15th inst., the North Western National Insurance Co., in a letter from Vice-President James, withdraws from the National Board.

This Company, we are now informed, at about the same date, notified their various agencies by circular of this action, without giving us the customary three months' notice.

Special Agent Beddall, of the Royal Insurance Co., favors us with the perusal of a letter from Manager McLaren on the position of that Company as regards its affiliation with the Board, which is presented herewith. It is understood that President Oakley was to meet the Liverpool Underwriters a fortnight since, and it is presumed he had a conference with Mr. McLaren on the subject.

I have to report that neither the St. Louis nor Lawrence, Mass., Boards have admitted to membership the gentlemen applying for membership representing Board Companies. Some further and definite action must now be taken whereby such agencies can be put in possession of local Board information, including rates. Inasmuch as the National Board cannot designate whom a member shall commission as its Agent, a local Board cannot deprive of membership any such commissioned Agent, provided such Agent is free of any previous local Board discipline or faithlessness.

Another phase of this local Board action, but of an opposite character, is the request of sundry of our members to restore to membership in local Boards, Agents who have already received discipline at the hands of those local Boards, and have otherwise merited that lack of confidence which the local members entertain for them. The cases now referred to are those at Leavenworth, Kansas, and Akron, Ohio. From the former Board we have heard naught, but four of our members press for your action in requiring the Board to admit Mr. Mosher to membership. Other members ask the same of you regarding Mr. Hitchcock of Akron, and I present herewith a communication from the local Board embodying a protest against your action in this direction.

The New York State Board and the Central Auxiliary held their annual meetings respectively on the 20th and 23d inst. The former body record their readiness to be called upon individually through their Companies to assist in our work. The latter body, whose meeting was attended by Mr. Cram and the General Agent, proceeded to form their District Committees in the three States of Ohio, Indiana and Michigan, with the view of re-organizing the feeble and sustaining the existing local Boards, and tendered their services to the Committee of Co-operation, to assist in ratings and revision of tariffs when called upon through their Companies. Notice has been received of a meeting of the Western Auxiliary in St. Louis on the 8th of September, when it is expected the same character of work will be marked out, all of which will result in material aid to our field operations.

The annual meeting of the North-West Association is called for the 22d Sept., in Chicago. It is both expedient and desirable that a delegation from your Committee attend, in response to earnest invitations from officers and members of the same.

A communication is submitted from the Chicago Local Board asking your payment of a balance due for the expenses incurred in the support of the Special Patrol Force of July, 1874, amounting to \$504.16. Some of our own members, it appears, have failed to meet the assessments made respectively upon them, and the amount of such will more than make up the deficiency, it appearing that the assessment levied by the Board was in excess of the actual needs, and so laid to meet such deficiencies which might be met with and which have now occurred.

President Rouse submits a communication from the local Board of Cleveland, asking the concurrence of Companies in defraying the expenses of the Fire Patrol of that city, under the restrictions and engagements instituted by that Board.

The Atlanta, Ga., Board have delegated Mr. Hancock, one of their members, who is now in this city, to make enquiries with a view of establishing a Salvage Corps for that city.

Some recent fires in woolen mills appear to call now for some action by you, directing anew the attention of local Boards and also our members to the Warranty Clauses adopted by you, bearing on mixed and other oils, in accordance with the recommendation of the Committee on Origin of Fires, as presented to the late annual meeting of the Board. Such promulgation anew will be made in such form and with such inquiries as you may direct.

On motion, the report was accepted and ordered printed in the minutes.

THREE-FOURTHS CLAUSE IN THE SOUTH.—The Three-fourths Clause, as entered in the April tariff for certain Southern States, was considered in view of a protest entered by a member against its adoption. On motion, the whole subject was referred to a Special Committee, consisting of Messrs. Geo. L. Chase, Wm. A. Webb and Geo. T. Cram, for consideration and report at the next meeting of this Committee.

COAL OIL WITH PIPE LINE Cos.—Report of a Special Committee on the subject was presented. On motion, the same was accepted and its recommendations adopted; and the General Agent was directed to advise Companies by slip of the form of endorsement on policies covering such risks. On motion, it was also directed that the said report be published

in the Bulletin. The minimum rate thus established on Pipe Line Companies in Pennsylvania is 2.50, and the form of endorsement is as follows :

ENDORSEMENT.—It is hereby understood and agreed that the oil insured under this policy is covered in the pipes as well as the tanks of the (Conduit or Transportation) Company, and that in case of loss by fire, the measure of damages against the insuring Companies shall be the amount of contribution imposed upon the assured by the acceptances or receipts of said Company.

And it is further expressly agreed by the assured, that they will keep the property covered by this policy insured to at least three-quarters of its value ; failing to do which, they become co-insurers up to that value.

REWARDS WERE AUTHORIZED at the following places as recorded in the written minutes : Jamaica, N. Y. ; Jefferson, Texas ; Holyoke, Mass. ; Hartford, Ct., and Cedar Rapids, Iowa.

Two applications for rewards—one at Chicago and one at Norfolk, Va.—were received, and referred to the Committee on Incendiarism and Arson for report at the next meeting.

WILLIAMSPORT, PA.—The action had by the Committee at the meeting of November 5, 1874, as recorded on page 284 of the Proceedings, in authorizing the payment of one of the two rewards of \$500 each, offered respectively April 28 and June 2, 1874, was further considered on request of one of the members.

On motion, it was then voted that in view of further information obtained, the Treasurer be and is hereby authorized to pay to the proper party or parties an additional \$500, being the balance of the \$1,000 originally authorized at that place as above.

On motion, the following resolution was then adopted :

Resolved, That the matter of the raising of an additional fund of one hundred thousand dollars for the detection, conviction and punishment of

MINUTES OF A MEETING

OF THE

EXECUTIVE COMMITTEE

OF THE

NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE COMMITTEE'S ROOMS, 156 BROADWAY, NEW YORK,
SEPTEMBER 15TH AND 16TH, 1875.

Wednesday, Sept. 15th, 1875.

The CHAIRMAN called the meeting to order at 11 o'clock, A.M., pursuant to notice.

The calling of the roll showed the following named members to be present: Messrs. Crowell, Platt, Baker, Heald, Bennett, Lockwood, Kellogg, Murray, Hall, Cram, Vice-President Chase, and Mr. E. A. Walton (in place of President Oakley); also, General Agent Montgomery, Assistant General Agent Ford, and Supervising Agent C. T. Webster.

The CHAIRMAN presented a letter from Mr. Parish, stating his inability to be in attendance at the meeting, and requesting that Mr. Fred. W. Arnold, President of the Equitable Insurance Co., of Providence, be accepted as his substitute.

On motion, Mr. Arnold was so accepted.

The reading of the minutes was dispensed with, they being in print before the members.

A member called attention to page 332, first paragraph, wherein an officer of a Company was empowered to represent a member of this Committee at the session of July 31, 1875, and requested that at the proper time action be had defining the circumstances under which substitutes can be accepted to represent a member of the Committee at any of its sessions.

COMMITTEE ON MEMBERSHIP.—The GENERAL AGENT presented the resignation of Mr. Samuel P. Blagden as Chairman of that Committee.

On motion, the resignation was accepted, and the matter of filling the vacancy was referred to Vice-President Chase, with power.

The GENERAL AGENT then made the following report, which was accepted and directed to be taken up in order for action :

MR. CHAIRMAN AND GENTLEMEN OF THE EXECUTIVE COMMITTEE :

Since your last meeting the weeks which have elapsed exhibit a continued depression in general business circles, and the decrease in stocks and shrinkage of values have grown to an extent which is realised in the diminished premium receipts of our Companies. But this diminution is not owing alone to this cause ; it may largely be accounted for by the very general reduction in rates which has prevailed in many sections of the country ; and it will be observed on close examination that most of our members will find that this reduction in rates will mainly account for any diminished premium receipts. But wherever the cause may be, we recognise the fact that many of our members attribute their apparent decline in business to the restrictions of local rates and rules, and in their haste to cast the blame upon some other than themselves, overlook the certain fact that without such local restraints as are guaranteed and sustained by the National Board, their business would, ere this, have diminished to at least three times the extent it has, and by their increased losses would have had swept away in time all the profit which is saved to them by our present arrangements. However, while noting the error of their conclusions, we must not lose sight of the importance of reiterating the sound principles upon which our organization rests, and that within its folds is to be found the only anchorage in storms greater than those which have already passed over us ; and to convey to those of our members who think an open and a free fight for rates would be a salve for their present supposed difficulties, a renewed assurance that the principles of our organization are as essential to their healthy maintenance to-day as they were three years since. Some few have

of late been slow to act in carrying out any general or local rule, and patience has been extended to them, but largely to the injury of the whole body; and it were better for such to find no obstacle placed to their withdrawing from membership, for a mere formal membership with us without any interest in conserving good faith to one and all, can only prove baneful to us. Our strength, in fact, lies not in numbers as it does in conservative and intelligent management by our individual members, and in a hearty belief that the maintenance of this organization is essential to their welfare jointly and severally.

With this in view, it would therefore seem to be but proper that no delay be further extended to the cases of certain Companies, whose names remain formally on our list, but who have concluded to pursue somewhat independent courses in one or more localities. These will be reported to you by the Committee on Membership.

Your attention is directed at the outset of this meeting to the strengthening of our valued organization, and you are solicited to keep this in view through all your present deliberations. We shall find more importance in avoiding the fears of the luke-warm in our midst, than in meeting our open foes, whose strength is greatly over-estimated and whose present course in bidding cheaply for rates evidences that their premium receipts are not what is generally represented.

Reports of your Supervising Agents are now laid before you of their participation in trials and examinations of Local Agents. Letters from two of our members are presented upon this subject, the one declining to communicate with their Local Agents in the matter of fines for certain general reasons quite inconclusive, and the other declining to act also in the premises until your Committee proceed to rectify matters in his locality. When members pause in carrying out any general and obligatory rules for reasons which do not attach the principle or the merits of such action, they must be blind to the ill example set for other members to act in like manner when we ask them to enforce other rules.

The matter next in importance will be that involving sundry rates in larger localities, which will be presented to you as succinctly as possible and with the fullest information obtainable by this office, which has been our practice hitherto and is in conformity with your action at the last meeting on this subject.

The cry is general for concession and reduction, and in some few sections a pressure is exerted to do away with the local tariff, some of our members evidently being under the belief that the best and readiest relief to a leaking ship is by scuttling her! The two questions of concession and abrogation of rates are very diverse; we can experiment upon the one, still keeping within our control the action of any Local Board, but the other is as injurious to the business of the Company as it is to the reputation, the welfare, and indeed the permanent existence of our organization.

The former plan is now in operation by the Boston Fire Underwriters Union, the particulars of which will be fully explained to you by the New

England members who are more familiar with the situation. One effect is already noticeable of the workings of the present experimental plan, and that is the power it gives our friends over rates as opposed to the outside element, who now complain of the want of publicity of the Underwriters action, and without which they are without a guide as to the rates at which business will be accepted by our Companies. As to the effect upon our own members, that alone can be demonstrated by their own experience ; perhaps time enough has not elapsed for them to show any united results.

A very serious consequence of such proceedings is found in the example which is necessarily furnished other localities to seek like means for curing their evils, real or supposed. The first instance coming up to us is that of the Haverhill Board which applies for permission for what they consider will be a remedy for their troubles, asking for a power to handle any or all their rates to suit any temporary emergency.

The situation in the city of Buffalo is a very grave one, and is fully stated in my accompanying report. The statements of agents have been credited by some of our Companies, and practices connived at for the simple reason that other agents are doing likewise ; a paltry excuse for any of our members to rely upon in delaying to seek at once a correction of any wrong doing reported in their business. Some two or three of our members have, in the general delusion surrounding this case, asked for advisory rates ; and one had already issued instructions to its agent to disregard the local rates and rules, and hold and increase their business, a copy of which was happily furnished this office ; and we have reason to think our protest prevented the mailing of the letter. Reference to this case is merely made here as an illustration of how desperate the situation there appears to some of our members. If our Companies, as at present advised, *are of the opinion that Buffalo experience will justify any lower rates*, then I would suggest that the mode and extent of such reduction be placed absolutely and in confidence in the hands of Secretary Churchill, to exercise from time to time and in individual cases, and not to entrust it to any committee of the local Board, which is depleted of its comity and good will ; and I beg further to suggest that one of our Supervising or Special Agents be deputed to assist Mr. Churchill in his general duties for a reasonable time, with a view, by exercising such special mission as is asked for, to endeavor to represent to the members of the Board directly, on your behalf, the ill-consequences of their want of harmony and good faith. Such an instrumentality as this is needed, and, I think, will be welcomed, and its exercise for a month will save Buffalo to us and destroy a noxious example to all that section of the country. A committee of the local Board have been appointed to meet and confer with you upon the condition of affairs there, and to present a request to make their rates subject to their own action to meet any emergency which may arise.

Your resolution in July, relative to a meeting of the Ohio State and Special Agents, was first brought to my attention in returning to the office after my recent absence. Finding here no record of such an organization

as the Ohio State Board, the mover of that resolution was addressed soliciting the names of the officers of that body, and also a copy of its rules and of its proceedings, upon the receipt of which we should be in a position to secure the desired meeting. Subsequent necessary absence on my part prevented my noticing the response which, however, only furnished the name of the President of the organization. Much time having thus elapsed, and the fact that the Ohio State Board, as known to this Committee, had been formally merged, in September, 1873, with the Central Auxiliary, which has up to this time been the only body recognized by your Committee covering in its operations the State of Ohio, and whose recent meetings have met your approval and their action your endorsement, it was deemed better, on consultation with the officers of the National Board, to defer the matter until this meeting, when it was thought advisable the Central Organization could be remanded back to its various original State organizations. This course has been pursued for the reasons stated, and with great respect and deference to the mover of the resolution and the objects which he was earnestly seeking to accomplish, and in which all of us warmly shared.

The local Board at Augusta, Ga., adopted a resolution on the 16th ult., "That the membership of the Southern Mutual Insurance Co. in this Board is hereby terminated," for the reason that its agent was, under instructions, disregarding their rule of demanding ten per cent. additional to their rates for its participation policies. So far as that Company is concerned, our duty would be to file the communication of the local Board covering this action without further reference; but, inasmuch as their agent in that city while disregarding an important rule of the Board, which in substance is sanctioned by the National Board, continues to represent two of our own members; his attitude would appear to call for some action from you, so far as concerns those two Companies. But the case is one not affecting alone Augusta; the principles which form the basis of this recent action by that Board, apply with equal force to the agencies of that Company who also represent various of our members at other points in Georgia, notably at Savannah and Atlanta, and you cannot well ask certain of our members to correct an abuse at Augusta which, in fact, is sanctioned by other members at other points. This subject was brought to your attention last year, but no action was taken thereon.

The President of the Local Board of Augusta has forwarded a statement in the nature of a charge, in his individual capacity, to one of his Companies, and which our member desires your attention called to at this time, against this office of "collusion," in connection with the Manager of one of our Companies, with a certain member of their Board, as evidenced by the reported furnishing him, in advance of other members of the Board, of information from this office, and before official communication to the local Board; notably, in the issue to him of Rate Slip No. 1019 several days in advance of its being addressed to the Board. Inasmuch as the letter to the local Board advising them of the particular action referred to in that slip, was mailed on the day this slip was printed on our press, and of which the letter of the Secretary herewith submitted is sufficient evidence, it would

seem impossible that such a statement could for a moment be entertained by any member of the Board. As it, however, forms the subject of a complaint, I ask the appointment of a Committee to whom the matter may be referred for examination and report.

The importance of looking closely after our interests in the Southern States has led us to prefer a request to the Committee of Co-operation that they spare Mr. J. W. Covington from his present duties, to which he had been detailed by them, for our growing work in the Southern States, which has been acceded to by that Committee. Mr. Covington spent some days with us recently and began his operations for us at Danville, Virginia, on the 6th inst., proceeding thence to Charleston, stopping over at Winnsboro, North Carolina, to examine some revisions of the local tariff reported to us. Many Local Boards in the South are calling for attention, and a prompt compliance with their claims, as can now be supplied by Mr. Covington's services, will go far to help our interests in that section. We can thus keep Mr. Covington actively at work for at least two months.

Agreeably to your reference at the last meeting, the New England Committee concluded the appointment of Mr. C. T. Webster as Supervising Agent, and he has been closely occupied in the duties of that position in New England.

Mr. Holloway has entered upon his duties as Supervising Agent, and is now engaged upon sundry examinations and trials. His first appointment was set for a trial at Sedalia, Mo., but ere the day arrived, better counsels prevailed, and the pending charges were withdrawn. Justice and Peace should go hand in hand; would that we could accomplish like results at all troublous points!

A novel case came up to us from Waco, Texas, where it is charged that a member of the Board, who is President of a College at that place, has offered inducements to his friends and others for their business, by proposing to devote his commissions to beautifying the grounds of the College. That his course has its effect in diverting business from other Agents, appears testified to by complaints of those Agents, who all say that unless this gentleman withdraws his offer they must take some means of like character to retain on their books their present business. We have already written to this Agent's Companies, but have in some cases failed in convincing them that he was committing a wrong to his fellow-Agents.

The Philadelphia Local Board have been asked by one of our members represented there to submit to us their statement of expenses for due approval, and I present herewith a communication from the President on the subject.

The Lawrence, Mass., Board admitted to membership, on the 6th inst., Messrs. Mann & Hutchins. It is uncertain now whether those gentlemen, having in the delay in the Board action, fortified themselves with non-Board Companies, may not decline the membership, and forfeit their Board Companies.

The St. Louis Board still stand without the membership of the Agents of the Franklin Insurance Co. of Indianapolis. Several meetings of the Board have been called, but no quorum is found to transact business, and your action in the premises is thus evaded.

The Terre Haute Board desire to make an arrangement with Mr. Coe, the Secretary of the Indianapolis Board, to superintend their ratings at a salary of not exceeding \$300 per year, assessed in the usual mode upon the Companies doing business there. This meets the views of our Western friends, and will greatly serve our interests in that locality.

EVANSVILLE, IND.—The consideration of charges against certain agents at this place was made the special order for to-morrow at 11 o'clock.

The New York members withdrew to attend a meeting of the New York Local Board.

On motion, Mr. Kellogg then took the chair.

PHILADELPHIA.—The question coming up as to whether the expenses of the Local Board of Philadelphia should be submitted to the General Agent of the National Board for approval, on motion it was voted, as the sense of the Committee, that the rule of the Board on the subject applies to all places without distinction.

METALINE.—The following report of the Special Committee on the subject, appointed at the last meeting, was presented and read by the GENERAL AGENT :

NEW YORK, *September 15, 1875.*

TO THE EXECUTIVE COMMITTEE OF THE NATIONAL BOARD.

GENTLEMEN :

Your Committee, to whom the subject of "Metaline" was referred, have given the matter careful consideration, and beg to report as follows :

The samples of metaline furnished your Committee were small shaped plugs, the composition of which we are not advised : but they are of a soft, metallic character, closely resembling plumbago. They are of three sizes—3-16, 4-16, and 5-16 in diameter, and in lengths of 2-16 and 3-16 of an inch. These plugs are intended to be inserted in holes drilled to receive them, in brass or composition boxes or bearings; and when so filled with metaline it is claimed that shafting will run smooth, and without danger from heating, no other lubricant except the metaline being required.

On inquiry of those using metaline, we have found diversity of opinions. Some recommend it in every particular, both for heavy bearings requiring great power, as well as for lighter shafting with rapid motion; others recommend it only where there is not much pressure, and *not* bearings submitted to high speed or heavy pressure. It is proper here to remark that we have found some difficulty in ascertaining the real merits of metaline, arising partly, perhaps, from interested motives in disparaging its use by parties not personally interested in its general application as a substitute for lubricants; and partly from a common prejudice existing against any new thing so radically differing from usages co-existent with the history of mechanics—that lubricants must be used to overcome friction, and that it is not within the range of possibilities to substitute a mineral compound in the place of oils for this purpose.

Your Committee have had no opportunity of personally inspecting or examining any machinery running in metaline; they have depended entirely upon the written reports of parties who have it in use. With many it is yet an experiment, being tested here and there in single bearings, as well as in individual moveable machines. In most cases the testimony is generally favorable, and that when changes are made metaline will be substituted for bearings now requiring lubricants.

Your Committee have the report of a single manufacturing establishment in which metaline bearings are used in the entire works, and the testimony is very full and decided in its favor. The superintendent writes that, so far as his experience goes, he is led to believe that it is capable of doing all that the inventor claims for it; that no lubricant is used; that when fully equipped and in operation the saving in their oil bills can hardly be less than \$10,000 per annum, and that he has good grounds for estimating that it will take fully fifty horse-power less to run the works in metaline than in oil, while by its use the machinery can be kept more cleanly and in better order, and at same time avoid all risk of spontaneous combustion from oily waste. That the bearings, as a rule, are cool—some have warmed, others have heated; but these cases he believes were owing to bad fits or faulty construction, which in his opinion would have been hotter under like conditions running in oil. An emery grinder which, except for a short interval, has been run continuously ten hours daily since January 14, 1874, making 2,250 turns per minute, and yet the bearings are "stone-cold." By microscopic measurement no wear can be detected. The highest speed is in a Sturtevant blower, which runs 5,100 turns per minute; it has been in use but a short time, runs all the time; it started cool, and remains so up to this time, and can see no reason why it will not continue so.

He accounts for the failures in using metaline to the method in its application, and not to the metaline. Great care is necessary; it cannot be attained under oral instruction, but must come from experience. He made errors at first, although he had personal instructions from the inventor.

Your Committee have thus presented the testimony they have procured. Numerous testimonials have been submitted, but it has been thought proper to report such information only as they have obtained from their *own inquiries*.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS

HELD AT THE COMMITTEE'S ROOMS, 156 BROADWAY, NEW YORK,
SEPTEMBER 29TH AND 30TH, 1875.

Wednesday, September 29, 1875.

The CHAIRMAN called the meeting to order at 11 o'clock, A. M., pursuant to notice.

The following named members were in attendance: Messrs. Crowell, Smith, Heald, Lockwood, Kellogg, Cram, and Parish. Thos. H. Montgomery, General Agent, and Chas. H. Ford, Assistant General Agent, were also present.

The CHAIRMAN submitted a letter from Mr. Alfred G. Baker, requesting that, in his absence, Mr. J. W. McAllister, Second Vice President of the Franklin Insurance Company, of Philadelphia, be accepted as his representative.

On motion, Mr. McAllister was so accepted.

A letter was also presented from President Hendee, of the *Ætna* Insurance Company, of Hartford, to the effect that he hoped to be present at the session of Thursday. A telegram from Mr. M. Bennett, Jr., was also read, stating that he would be in attendance at the afternoon session.

The minutes of the last meeting being before the members in printed form, were approved without reading.

The GENERAL AGENT then made the following report :

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE :

Referring to the opening of my report at the last meeting, I now feel it incumbent on me to direct your attention to the consideration of the position in which our Association and our Profession find themselves. It must be admitted that while we are united on a basis which testifies to our professional character, *i. e.*, one of established and recognized principles, some of our members have looked to this professional association as a means of conserving the interests of their companies, in other words, have relied upon it as a means merely of business profit. Now, under the strait of "continued depression in business circles, and the decrease in stocks and shrinkage of values," a few find their receipts in some degree diminishing, and without reflection charge the lessening business to our system of rating, and ask for a flexibility which while it will not conserve their business, really saps the foundation of the association in which they are banded.

We must not be blind to the fact that there are too many local agents in the field. Their number has grown under the stimulus of a high compensation and established rates ; now, that general business has lessened, and there is a tendency to a reduction in rates, the local agent struggles against the times, and calls loudly on his company to "relieve" him. How? By continuing to reduce ratings, forgetting entirely that the system he desires to inaugurate will prove to be the knife that will prune his vine to death, and must in time bring about a reaction in the views of his company, which must lead it to seek other agents who will display greater courage and forbearance in representing the ideas and wishes of the company.

We are undoubtedly feeling at this time the pressure of the fact now alluded to. But we must not forsake calmness in considering the situation. It now appears impolitic as well as highly impracticable to continue measures which sustain a system of agencies which in an emergency like the present is proving a weakness to our members. It is stated that many of our agents are induced to turn to non-Board ranks for the reason that our plans, our rules, our rates, are impracticable and restrictive. These did not prove so in 1872, 1873, and 1874. Why should they prove so in 1875? For a few months past, fires have lessened. But at the present moment they are again of frequent occurrence, and the warning is significant that we cannot afford to experiment with any serious concession of rates, even though the local agent complains that his business is being depleted. We must adhere to a system of rating at whatever cost, for the health if not the life of our companies depend on it ; and if our members will only be content to suffer temporary loss of business at a point or two, they will evidence to the local agent that they are in earnest in their work, and have faith in a system which while ensuring stable profit to the stockholder, and full guarantee of indemnity to the assured, at the same time sustains their position as professional Underwriters.

It may be said that our younger members, with a minimum of capital, yield first to the plaint of the local agents; but they would not yield so readily did they see some of our larger companies less anxious for business, and less ready for concession in rules and rates. Our more experienced members must not be unmindful of the example they maintain whether for good or for evil, and that unless they are firmly and wisely prepared to stand on matured experience, they cannot look for the following of their younger associates in the profession.

Continued observation confirms in me the belief that the assured will accept our policies at our rates, for the reason that while we evidence the faith that is in us, he will have faith in our promised indemnity. But our agents are proving now more than before the counsellors of the assured, and the assured has but one view left him, and that is, that if the local agent his fellow-townsmen has no faith in the company's cause, and can give no ready reason for it, that the company itself is without reason in its course.

Seeing thus the difficulty lying in our way, it is due to our past history and our present experience that we swerve not in any way from the path in which for three years we have trod. It has led us to healthy life, and that is all; any other course would, we all admit, have led us only into a sickly existence. Shall we therefore for a temporary seeming success depart from those principles without which our members would not have been sustained during the last three years? Our younger members one and all who state their business has diminished during the present year, admit the pregnant fact without exception, that without this organization they would scarcely have existence at all.

Everything, therefore, points to a maintenance of our well tried principles. If our rates in any locality have been too high—and the experience of the present year should not hastily offset that of the previous three years—we are wise and strong enough to modify them; but this can only be done with the common consent of the Company and the Agent, and to preserve the action of the first party named intact your various approved instrumentalities must be thoroughly maintained and supported. Any other course will assuredly add to the evil, and any departure would prove a remedy worse than the disease. Let me, therefore, urge you to maintain a very decided position in this question, which is momentous, and let us meet the pressure by renewing our faith in those principles which have led us along to our present position, and which I earnestly believe can alone lead us through the pressure which a diminished national prosperity has necessarily forced upon us.

This leads me to a subject growing out of the above, namely, the promptness with which you should meet the inconsiderate criticism and tardy acceptance of your action by some of the younger members of our Association. I am well satisfied, from the experience of the last few months, that your hesitation in opening the door for the withdrawal of such members has resulted only in baneful influences. If members cannot

sympathize with your discreet action, and are loth to sustain you in your operations, our organization would be greatly strengthened by their withdrawal from membership. I trust, therefore, no personal or other considerations will intervene to prevent your prompt action in any such cases. We must eliminate weakness wherever it may appear, and whether the member be of large or small capital, old or young in years, we must pursue one consistent course, otherwise our ranks will be weakened, and in reaching for peace we do it at the expense, perhaps, of our existence. In furtherance of these suggestions, I will ask your action at this time in this direction touching a few of our members, whose course for some months past appears to compel us to notify them their resignations would be in order.

With this respectful presentation of my views, in some elements affecting our present welfare, I leave the matter to your consideration, and trust they may be borne in view in your action on rates and rules at the present meeting.

A member calls our attention to the existence of an ordinance in Atchison, Kansas, in existence since 1869, entailing upon "each Fire Insurance Company or Agency in the city, for each six months, twenty dollars," and suggests the imposition of a tax charge upon policies of like character with that enforced recently at Topeka, and naming as, in his opinion, the sum of five per cent. in addition to the premiums as an approximate remuneration to the Companies for such municipal charge. I would call your attention to the terms of your Topeka resolution of May last, where the charge is to continue until "the said tax is abated or repealed;" the result of which is that the authorities *abated*, but did not repeal their tax, and hence the agencies have ceased collecting the tax.

The Atlanta Local Board present for your concurrence certain estimated expenditures for the establishment of a Fire Patrol in that city. In the absence of any local requirement for the support of such, the expense would appear to come entirely on the members of the Board. In this connection, I beg to report the completion at the manufactory in Chicago of a fire patrol wagon with all needed equipments, embodying also a Babcock extinguisher of 80 gallons size, and a reel carrying 150 feet of hose, which some members of your Committee examined with much interest on the 24th inst. It has been built for the city of Columbus, Ohio, at the instance of a member of your Committee, the wagon and outfit being paid for by the citizens of the city, and its support and maintenance being undertaken by the municipal authorities. Some plan of this kind would be of material assistance to us in our efforts at establishing local Salvage Corps, and would spare us the continued expenditure for their running and maintenance.

I have to report that your delegation attended the interesting sessions of the sixth annual meeting of the Northwest Association, held last week in Chicago. In the enforced absence of Mr. Lockwood, Mr. Murray became one of the delegation.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE COMMITTEE'S ROOMS, 156 BROADWAY, NEW YORK,
OCTOBER 27TH AND 28TH, 1875.

WEDNESDAY, *October 27.*

The CHAIRMAN called the meeting to order at 11 o'clock, A.M., pursuant to notice.

The following named members were present at roll call: Messrs. Crowell, Platt, Baker, Heald, Bennett, Kellogg, and Hall; as *ex officio* members, President Oakley and Vice-President Chase. Thos. H. Montgomery, General Agent, and Chas. H. Ford, Assistant General Agent, were also in attendance.

A letter from Secretary HALL, of the Springfield Fire and Marine Insurance Co., was submitted, stating that the absence of Mr. D. R. Smith was unavoidable, owing to his being in the West.

The minutes of the last meeting, being in print and before the members, their reading was dispensed with.

The CHAIRMAN stated that the President of the American Fusee Co. was in waiting, and was desirous of a conference with the Committee. On motion, 3 o'clock, P.M., was designated as the time for hearing him.

The GENERAL AGENT then made the following report:

MR. CHAIRMAN,
AND GENTLEMEN OF THE EXECUTIVE COMMITTEE:

I will ask your attention to the matter of ratings, as the first in order of present importance; and, secondly, to the reports of Supervising Agents upon trials and examinations of Local Agency registers. There are sundry miscellaneous subjects to be reported on by Special Committees of previous appointment, which will be presented next in order, after which some new matters will be in order.

Applications are pressing upon you for reductions in ratings—none for increase of ratings. Your various Committees readily pass on these where betterments and improvements are certified to; others need more careful attention, and of these some are now presented to you. In the general decrease of business through the country there is more or less falling off in Companies' premium receipts, and to save their volume the Local Agent is very ready to believe that a reduction in rate will save his business; and it is at times difficult to convince them that such a remedy may prove but the beginning of further reductions, and the eventual result in most cases proves that in the gradual reduction in rates the Agent will suffer greater loss of business than if he had adhered to his existing tariff, even at the expense of losing some of his clients' insurance. How to meet the various cases submitted is a matter of grave consideration. While you may be ready to recognize the reasonable claims of certain localities, you cannot lose sight of the influence such reductions might have on neighboring localities equally clamorous for reduction, but not equally meritorious as to local hazard. To lose sight of this important factor in the duties imposed on you would work harm, and it is therefore trusted that the claims of any one locality will be weighed in the influences it may exert elsewhere before any definite action is reached. In this class may be placed the applications before you from Atlanta and Augusta, Ga.; from Denver, Col.; from Scranton, Pa.; from Auburn, N. Y. It would seem well that where it is thought desirable to meet the views of a Local Board in this respect, to order a special re-rating of the place on a certain recognized basis rather than to sanction a general percentage reduction, which is quoted far and wide, and often to the detriment of our interests elsewhere. In all cases of reductions in rates great care must be exercised in reference to the experience of our Companies, which cannot under any circumstances be lost sight of. For three years last past our stand before the insuring community has been one of business consistency; and in the continuance of the usual percentage of losses which our members show, the question necessarily fixes itself on our apprehension that there is no margin for any material reduction, unless for assured and certain improvement in localities or in individual risks. Should we depart from this watchfulness, and reduce the rates in order alone to preserve the business on our Companies' books, regardless, as it were, of the cost to our Companies of carrying for any specified time that business, we weaken our stand-point, to the eventual hurt of every one of our members; and the

thrust will be made at us that we have been hitherto asking rates that were excessive. Are we prepared to admit this? We certainly cannot, for facts speak loudly against such a proposition. A firm stand maintained in paying and equitable rates will yet keep the policies of all our members at the head of the market, and a continuance in our recognised conservative practices will always bring better prices to those policies than those of any Company not affiliating with our Association.

Frequent references have been made to us for a proper definition of the limit of certain local tariffs—mainly in our Western cities—in so far as the rates there established are applicable to certain suburban risks. The practice differs in certain localities, and perhaps a certain latitude might readily be granted there ; but the time may approach when this latitude may extend itself and infringe on our valid minimum State ratings. This reference is applicable especially to suburban dwelling risks, and whether it is Chicago, Indianapolis, St. Louis, Milwaukee or Nashville, the matter is of equal value, for while we have a binding minimum on such risks in Illinois, Indiana, Missouri, Wisconsin and Tennessee, there seems no reason why the enforcement of such in the vicinity of great centres should be left to the custom of the locality and at the discretion of the local Agents, who will gradually at each point extend his interpretation and practice of rates. Some of our members have, indeed, appealed to us in this matter with a view of securing uniformity of practice among our associates ; and while we have hitherto refrained from announcing a conclusion on the subject, we shall ere long, should you not decide otherwise, be impelled to rule that local tariffs only prevail within the limits of the municipality for which they have been framed, and that members writing outside of such limits regardless of State minimums are, in fact, consenting to a violation of such minimum rating. Some members of Local Boards have addressed us on the subject in order that we may aid them to a uniformity of practice within their midst; and it seems but reasonable that we should assist them in any conservative practice in this direction.

I now submit a codification of rules and regulations of the National Board which was referred to me for arrangement at a recent meeting. With those of general application and force there are arranged some which thus far are of only local application, but are of such a nature as to lead to the hope that they may become of general use. Experience now shows us that to make any such effective, in fact, is to declare them binding on our members as well as upon Agents. Correction of ill practice in any particular can be had promptly and uniformly when our members recognize they are immediately responsible one to the other for the establishment of any of the rules which they jointly adopt at the hands of your Committee. This recognition by our members will give assurance to local Agents which will vastly help them in their work. We have heretofore mainly looked to the establishment of rules of practice at the hands of local Agents, when, had our members felt the importance of themselves unitedly initiating the use of any new rule, and not left the burden upon local Agents for their enforcement, a better understanding between Company and Agent would have been

created; we should thus have addressed ourselves to our immediate constituents, and not their own chosen local representatives. Let me ask the appointment of a Special Committee to report on these, with recommendations as to the mode and extent of their application, at your next meeting.

In compliance with your resolution of September 16, the Evansville Local Board, at a meeting on 4th instant, voted that "the National Board having declared their action of March 8th irregular, and being loyal to its interests, at the request of the National Board—

Resolved, That the action of that Board suspending Messrs. Beyrnes and Bolle be and is hereby rescinded."

Buffalo matters have closely engaged the attention of your members interested in the business of that locality. Mr. Ford has spent several days, being assisted by Mr. Blackwelder, and is prepared to submit a report of the work undertaken there, and which has resulted in purging the Board of unfaithful members, and rendering hope possible that order may at last succeed confusion there. An examination into matters had subsequent to the 1st inst. satisfied many of our members that the greatest source of weakness in sundry agencies there, lay in their association with non-Board Companies. A meeting of twenty-one of our members largely interested in Buffalo business, was held in these rooms on the 13th inst., and a unanimous resolve was recorded that the Companies then represented would direct their agents in that city to decide between retaining National or non-Board Companies, and soliciting the co-operation of other members in the same direction, which so far as we know has been coincided in by members not present at the meeting, and the result has been the elimination from membership in the Local Board of all the non-Board element, which course would, it is fully believed, work in this locality great good to our interests. Your Provisional Committee, at its meeting of 18th inst., passed the following resolution, which will afford help to the loyal agents to whom the business is now confined, at the same time keeping the tariff within equitable and assured limits:

Resolved, That this Committee will not authorize any general reduction of rates at Buffalo, either on mercantile risks or special hazards; and the Secretary of the Buffalo Board is accordingly directed to make no reduction in the schedule rated risks of that city, except in such cases as come under the present rule.

Resolved, That the matter of any revisions on Buffalo special hazards be referred to the Secretary of the Local Board in connection with a special representative of the National Board, with power, under the direction of this Committee.

Your action was communicated to the Cincinnati Local Board, touching the request of the Committee of Co-operation to employ Mr. Hawxhurst in the field, and a suggestion was made of a gentleman to fill the expected vacancy, whose appointment would meet with favor. But from present information we are led to believe that a majority of the Board would prefer to re-elect Mr. Hawxhurst, in which event it would be undesirable to detail him for work in the field in our behalf. I submit correspondence of a member of that Board with the President of the Board, which the latter

has favored me with. The President favors me further with the views of his Board as to a general reduction in rates, which he trusts your Committee will take into consideration. In this connection I submit sundry unpaid assessments by certain Companies, which call for attention.

The matter of excessive commissions paid by some of our members to their agents in the city of Baltimore, is brought formally to your attention, and your action thereon is solicited by a member. The correspondence is submitted herewith, and I respectfully ask that a Committee be selected to review the entire matter of extra compensation allowed by sundry of our members in the larger cities, whether it is paid under the name of commission or office rent. This office has maintained that your rule declaring that 15 per cent. is the maximum commission allowed for all compensation to the local agent, but we are aware of the difficulties this rule encounters in the larger cities, where many years' custom has tacitly sanctioned the practice of Companies contributing to office rent or other expenditures, in addition to the regular commission allowed. The special importance of this present reference arises from the fact that the member referred to desires to make this alleged practice at Baltimore a test case.

Another member desires from you a condemnation of the practice which prevails in sundry localities of certain general agencies according to the policies issued by them, permission to the assured for other insurance, only through their own office. Cases undoubtedly arise under this practice which in effect restrict the assured to policies dictated by the agency making such endorsement on the policies issued by them, and enforces a practice which our Companies themselves never insist upon. This matter was in a general manner referred to at your July meeting, but no action was had.

The expenses of the St. Louis and the Atlanta Boards are now submitted for your approval.

Also your action is desired on the salary of the Secretary and Surveyor of the Covington, Ky. Board, which under your rule on the subject, would appear to be inadmissible, inasmuch as the Secretary is ~~also~~ a commissioned agent.

On motion, the report was accepted, and directed to be taken up in order for action.

MEMBERSHIP OF COMPANIES.—The favorable report of the Committee on Membership on the application of the Shawmut Insurance Company, of Boston, was received, and accepted. On motion, the Company was then elected a member of the Board.

Mr. LOCKWOOD entered.

Mr. E. A. WALTON, from the Committee on Membership, also reported the resignations of the Glens Falls Insurance Company, of Glens Falls, N. Y. ; the Virginia Fire and Marine Insurance Company, of Richmond, Va. ; the Tradesmen's Insurance Company, of New York ; and the Hamburg Bremen Insurance Company, of Hamburg : which were, on motion, accepted.

The Exchange Insurance, of New York, not having complied with the rules of the Board, as required by the action of the Committee at the last meeting (p. 367, Proceedings), the name of the Company was directed to be dropped from the list of Board members.

Mr. LOCKWOOD, from the Special Committee appointed at the last meeting (p. 367, Proceedings) to report upon the position of the Faneuil Hall Insurance Company, of Boston, submitted the following resolutions as the report of the Committee on that and the other Boston Companies named :

Resolved, That the following Companies, having resigned from the Boston Underwriters' Union, be dropped from the list of National Board Companies, viz. : Shoe and Leather, of Boston ; Washington, of Boston ; Eliot, of Boston ; Neptune, of Boston.

Resolved, That the Faneuil Hall Insurance Company, having disobeyed National Board rules, and having refused to correct the same, be dropped from the roll of National Board members.

On motion, the report of the Committee was received, and laid over for action at to-morrow's session.

CITY INSURANCE COMPANY, of PROVIDENCE.—On motion, the following resolution was adopted :

Resolved, That in view of evidence before this Committee, to the effect that the City Insurance Company of Providence has not adhered to the Board rates, at Providence and Newport, R. I. ; and in view of the fact that the officers of the Company have not responded to the several communications from the officers of this Board, relative to the Company's Board assessment for the present fiscal year, the officers of said Company be and are hereby requested to show cause, within thirty days from this date, why the name of the Company should not be erased from the list of Board members.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,
HELD AT THE DIRECTORS' ROOM OF THE FRANKLIN FIRE
INSURANCE CO. OF PHILADELPHIA, 421 WALNUT
STREET, PHILADELPHIA.

WEDNESDAY, *December 8, 1875.*

The meeting was called to order at 11 o'clock, A.M., pursuant to notice.

Present: Chairman Crowell and Messrs. Platt, Baker, Kellogg, and Lockwood; as *ex officio* members, Messrs. Geo. L. Chase, Vice President, and J. S. Parish, Treasurer of the Board. Also General Agent Montgomery and Assistant General Agent Ford.

The minutes of the last meeting, being in print and before the members, were approved without reading.

The GENERAL AGENT then read his report, which was, on motion, accepted, and directed to be taken up in order for action.

MR. CHAIRMAN,

AND GENTLEMEN OF THE EXECUTIVE COMMITTEE:

Before directing your attention to sundry local ratings which merit your action at this time, I submit to your notice the important question of membership, and will request your final consideration of sundry motions in this connection before you at previous meetings. An element of importance enters into this subject, namely, the supplying of certain Com-

panies with all our publications, including the daily rate slips, who have elected to disconnect themselves with certain Local Boards, owing to peculiar local circumstances, as they allege; and as this is the last meeting of this year, certain points on this head would appear to require your decision before we enter on the duties of another year.

Your action regarding the Atlanta tariff, making the basis of the same 1.25 instead of 1.00, as asked for by the Local Board, has brought from that body a remonstrance and appeal, which is now submitted to you. Your action was promptly communicated to that Board, and your views fully stated, which led you to that decision pending the perfection of certain needed improvements which in your judgment appeared to be called for before a lower basis could be concurred in. It is not unlikely that your decision in the matter has stimulated the members of the Board to greater zeal in urging the municipal authorities to introduce greater improvements for the protection of the city from severe fires. But it is feared that the agents generally have in advance led the citizens to believe you would promptly accede to their desire for a one per cent. basis, hence their present disappointment, due to a want of reflection on the fact that you could not hastily accede to a reduction of more than thirty per cent. on their existing tariff, unless the city would exhibit first-class appliances in all particulars for the prompt extinguishment of fires, which are not yet certified to, and to the completion of which there exist no present evidences.

The minimum ratings for Tennessee would properly come under your notice at this time, in view of the decision of the Supreme Court on the 20th ultimo, in the case of the City of Memphis *vs.* the Home Insurance Company, affirming the claim made, that under the law of March, 1875, no city or county can tax Insurance Companies, the existence of which power prior to that law proving an onerous burden, and which entered into your consideration in framing the present minimum.

The Louisville Local Board on the 9th ultimo petitioned that they be authorized to rate their city on the basis adopted for Cincinnati in December, 1872, and President Danforth conveys the views of the Board in the matter, alleging their reasons for the request.

The Milwaukee Board on the 9th ultimo, passed a resolution suspending Dwelling House Rates under their tariff, subject to your approval. The Board considered the matter one of sufficient urgency to ask by telegraph approval of the same; but reply was made that the same was disapproved, pending reference to you at this meeting.

The Indianapolis Fire Insurance Association ask your approval of the rates in certain specified risks in South Meridian Street, at a percentage off from the basis rate.

The Local Board of St. Louis, on the 27th ult., proposed certain changes in rates in a few prominent special hazards, and at the same meeting adopted the request for your permission to suspend the application of the schedule for specials on risks included in the Map District "until the Board can consider the same, or until the next meeting of the Executive Committee"; and the Secretary's letters hereon are now submitted you.

In this connection, permit me to direct your notice to the fact that the St. Louis Board continue an old practice of promulgating their action on rates, pending the usual reference to you of the same for approval. Some months since their attention was verbally directed to this, inasmuch as to promulgate and then refer for approval led the Agents into the practice of writing up their policies at such rates, when it might be found you would not concur in the rates so voted; and it was understood then promulgation would be withheld until you would be heard from. Learning this was not the case, however, and that rate slips were, as before, issued, and Agents wrote and issued their policies at such rates without first hearing from you in relation thereto, we addressed the Secretary on the subject, under date of 18th ult., which communication was acknowledged on the 22d; but, contrary again to the expectations formed by this correspondence, the new rates above referred to were promulgated on the 1st inst. under express directions of the acting President of the Board, the Secretary herewith submitting the letter of the Vice-President on the subject, directing him to promulgate the new ratings.

The Local Board of Denver some weeks since asked for a concession of twenty-five cents on their basis rate, so as to make the rates in that city on a par with the minimum operative in States immediately east of Colorado. Pending the final consideration of this by the Committee of Co-operation, Mr. Holloway was despatched thither, and revised every risk in the place, and submitted his report, in which he first secured the concurrence of the Local Board. Subsequently, however, the Board renewed their request to have a general reduction, and all the papers are now before you.

The application of the agents of Franklin and Meadville, Penn., can properly be taken into consideration together; both Boards apply for a concession from the State minimum tariff. The agents at the former place have been grossly and probably intentionally negligent in their attention to rates, and there is a sufficient warrant for your authorizing an examination of registers here.

The system of rating now in force can meet our wants only partially, and we could better satisfy the local agent could we promptly accept and act on his propositions from time to time for changes in rates, when due by decrease of hazard. In what manner this can be done, must be left to your judgment to decide. We have at this office reason to find much help in accepting the suggestions of the State and Special agents which they are disposed to offer us, and both the Provisional Committee and the New England Committee sanction this course. It is not the whole local tariff that needs revision often so much as a few isolated risks, prompt attention to which will give the local agent content and satisfaction. With our own field force, it is a matter of impossibility to attend to these various little matters—little as compared with the aggregate, but not so considered by the local agent. It occurs to me that if a suggestion, or indeed a request, be made by you at this time through our Companies to their various State and Special agents, to aid the local agents when they in Board meeting take action on any improved risk, and give the action, if such meets their con-

currence, their approval, and promptly certify the same to you, that we shall effectually aid our business interests, and better sustain our local agents, apart from the important consideration that we shall better by such promptness certify to the assured that we welcome any improvement in his risk by giving him an early credit for the same in a lower premium. The State or Special agent should urge in all cases where his attention is sought in this matter, a meeting of the agents in a Local Board, or where such does not exist, procure the signatures of the agents to their requests, and avoid presenting the views or furthering the wishes of any individual agent. We steadily ourselves refer any such individual action back to the Local Board for their official notice of the case in hand ; and the same course will be observed by the State and special agents, if you will put on record your desire to hear from them on any cases submitted to them, when you will promptly act on the same.

Queries have been addressed as to the date of application of your recent rule establishing a rate of premium for term policies on business buildings. In deciding that the rule is co-extensive with the field of your operations, and takes precedence of all local rule or custom on the matter, we have at the same time named November 1st, ultimo, as the establishment of the rule, that being the date of promulgation of your resolution, although it was made a rule of the Board at the late Annual Meeting.

The new plan adopted at the last meeting requiring reports of examination of books to be submitted to Companies at least fifteen days before you proposed to take action on such, is thus far working well, and realizes our expectations of its propriety and expediency. It will be found that in the majority of cases cited against any agency, that the plea is presented that such are the result of inattention or of clerical error. It will be found that the Supervising Agent is careful to record in all cases the fact of inattention or clerical error where such fact is presented to him, and where he thinks the claim for such explanation is merited. His judgment of each particular case, arrived at by personal examination and conference generally with all the agents of any one locality, is of great weight, and is better to be relied on than any subsequent statements the agents may submit by correspondence, and which latter are frequently endorsed by their Companies. It is noted with regret that in many cases the agent has fallen into error from the lack of prompt notice on the part of his Company of the first case of violation ; he forms the opinion that his Company is not over watchful, from lack probably of a proper office system, and hence is tempted to save a risk by offering to write it at less rate, at least so it is claimed in some cases by the agent, and if in any case it should so be found, it would appear that the agent should not receive your sentence.

In this connection let me direct the attention of our Companies to the binding importance of watchfulness in the examination of their daily reports, or other agency returns. I find from observation of the working system of our members, gained at our office, that the local agent is perhaps better disposed to his Company which is thus watchful of its business, for it gives him the assurance that the same watchfulness and care prevails

through the entire operations of the Company; and he labors for such a Company with a confidence which cannot be given him by a Company which is in any way lax or dilatory in its attention to agency business. The Company never gains aught by thus favoring the agent as is thought; on the contrary it loses; and this opinion is reached by a careful noting of the two systems, as necessarily brought before us at times.

The Cincinnati Board submitted to us the proceedings of a trial held by them of their Secretary, for certain alleged expressions of disloyalty. The charges were preferred on the 1st, and the report of Committee affirming the same were adopted by the Board on the 3d ultimo. No notice was given us of the matter, that a representative of the National Board might be present, in order that like justice should be meted to the Secretary as to any member of the Board. However, on the 8th ultimo, the annual election of officers was held, and a new incumbent chosen, whose election is now reported to you for your approbation. The Board were advised on receiving report of this election that the same would be submitted to you at this meeting, and that until your concurrence could be had, Mr. Hauxhurst should continue in the performance of the duties of the office of Secretary.

The Nashville Board have elected as Secretary and Surveyor Mr. Samuel S. Murdock, formerly Secretary of the Georgia Home Insurance Company. The arrangement was made at the suggestion of the Committee of Co-operation, and brings with it their recommendations.

The Charleston Board request your allowance of a sum to their efficient Secretary, Mr. Lee, for special services given by him in the recent re-rating of the city. Mr. Lee is a member of the Board; there is no salary attached to his office, and the Local Board deem his labors worthy of the recognition they now ask you to sanction.

The Savannah Board seek your endorsement to the Companies doing business there of their request for contributions from them to sustain a Salvage Corps. The matter has been before you already, but now we have further information on the subject.

Your resolution at last meeting defining the limit of the tariff of expected cities, has been misinterpreted we find in some directions, inasmuch as sundry Local Boards in States where no minimum prevails having rated risks at a distance from their towns, now assert the claim under this resolution to suspend the ratings in all such outside risks, gladly availing themselves as it were of a wrong interpretation of the rule, so as to leave that business untrammelled.

An agency at Leavenworth, Kansas, representing some of our Companies, still remains unconnected with the Local Board of that city. The Board was instructed at your July meeting to admit the gentleman on his making application for membership, and paying a fine formerly imposed on him. The latter was attended to, but he declined to make application for membership. Recognising that there were many difficulties in the way of a settlement of this case, Mr. Halloway was directed to stop at Leavenworth on his way from Colorado. He had previously by correspondence with

members of the Board sought to bring about a satisfactory settlement, but without avail. His report in the case is now before you, and is worthy of attention, and also your action.

Members of the Pennsylvania State Board are desirous of keeping alive that organization, and with an expression of your views in the premises, will hold their annual meeting next month, and place their Committees at your service.

The proceedings of the last meetings of the New York State Board are before you, and it is in order for you to approve the bill for printing same, as has heretofore been done.

Messrs. J. B. Hall, Geo. T. Cram, and Jno. W. Murray entered. Also Mr. Eugene Cary, of Chicago, as a delegate from the Committee of Co-operation.

On motion, the courtesy of the floor was extended to Messrs. J. W. McAllister, second Vice President, and T. M. Reger, Secretary of the Franklin Fire Insurance Company, of Philadelphia.

MEMBERSHIP OF COMPANIES.—1. *City Insurance Company, of Providence.*—The response of this Company to the resolution passed at the last meeting (page 376, Proceedings) was submitted, and, on motion, the following resolution was adopted:

Resolved, That the City Insurance Company, of Providence, having shown cause why its name should not be dropped from the roll of National Board members, the General Agent is hereby instructed to communicate with the said Company, stating that its name will be retained on the roll on receipt of its minimum National Board subscription for the current year.

Mr. Heald entered.

2. *Franklin Insurance Company, of Indianapolis.*—The GENERAL AGENT read a letter from the Secretary of this Company, advising him of a vote of its Directors to withdraw from the National Board. On a statement being made that the Secretary of the Company was using his influence to have the vote reconsidered, the matter was laid over until the next meeting.

3. *Boston Companies.*—The report of the Special Committee on certain Boston Companies, which was received at the last

A bill of \$60 for printing the New York State Board proceedings was ordered paid, the General Agent being requested to require in future that the State Boards present reports of their proceedings *in writing*, in order that the contraction of bills of this character may be avoided.

TRIALS.—On motion, it was directed that such papers relating to trials of Agents and examinations of books as have not been formally referred to the Provisional Committee be now so referred, for preliminary examination and report; and that all recommendations coming from the said Committee in regard to fines, or other action to be had thereon, be printed in slips and furnished to each member before the next meeting of this Committee.

On motion, the following resolutions were adopted:

Resolved, That the thanks of this Committee be extended to the Officers of the Franklin Fire Insurance Company of Philadelphia and of the Insurance Company of North America, for the courtesies and civilities which they have so cordially extended to this Committee during its present sessions in the city of Philadelphia.

Resolved, That the thanks of this Committee are also especially due, and are hereby tendered, to the Franklin Insurance Company of Philadelphia, for the use of their buildings during the said sessions.

ALBANY, N.Y.—A communication from the President of the Local Board relative to irregularities on the part of Agents of certain Board Companies was referred to the New York Provisional Committee for investigation.

On motion, the Committee then adjourned, to meet in New York on Thursday, January 27, at 11 A.M.

STEPHEN CROWELL,

Chairman.

HENRY K. MILLER,

Secretary.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE COMMITTEE'S ROOMS, 156 AND 158 BROADWAY, N.Y.,
JANUARY 27 AND 28, 1876.

THURSDAY, *January 27, 1876.*

The CHAIRMAN called the meeting to order at 11 o'clock A.M., pursuant to notice.

Messrs. Crowell (Chairman), Platt, Baker, Heald, Lockwood, Kellogg, Murray, Hall, Cram, Oakley, and Parish were present at rollcall. General Agent Montgomery was also present.

The minutes of the last meeting, being in print, their reading was dispensed with. After amendment they were, on motion, approved.

The GENERAL AGENT then made the following report :

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE :

The results of last year's business of our members must be gratifying as mainly the results of their united conservatism. The general decrease of rates of premiums through the country in the past twelvemonth will average more than ten per cent. over those prevailing in 1874, and notwithstanding the general depression in business throughout the entire country leading us to look for a proportional diminution of the business of our Companies, yet their receipts show a decrease only tallying with the reduction of rate above referred to. Yet with this decrease, the profits of the Companies have maintained about the same figure as that earned in 1874—this is owing doubtless to the increased watchfulness of the Companies to which they were led by the apparent dullness of general trade, showing that the warning was heeded by them

and that past experience had led them to study closely the signs of the times. The argument derivable from this is simple: that the greater the care and oversight of business the greater the profit of the Company; and affords an indication to the insuring community that the conservative principles enjoined and maintained by our association are confirmed by our continued experience and affords the community a warrantee that the cause of the Companies respectively in securing certain profits to the stockholders, alike furnishes secure guarantee of indemnity to the policyholder.

The matter of local ratings forms a constant and important matter for consideration and action. Your various Provisional and Special Committees are busily employed in attention to the requests of local agents for concession, and, when cause is shown for such, action is at once had. I think there is a better apprehension among agents generally that the interest of Companies is recognized by the latter as being at one with the agent, and there is growing among the agents the assurance that Companies will not knowingly do aught to thwart or injure a business in which both have a common interest. Instead of the National Board as such, putting the local agent into opposition to the Company, it will in time be found to form a link between the two, and with proper adaptation to existing circumstances as they may arise, it will be found an instrumentality which either party can use when occasion serves for the common good.

It is with this view that your attention will be asked at this meeting to sundry local propositions looking to concession of rates, and as they are taken up in detail I will present such recommendations as I hope may be helpful to your consideration of them, and will not detain you with them in detail at this point.

The first in importance as to geographical extent is the report of your Special Committee which met at Atlanta on the 12th, presenting certain revisions in the Southern minimum as the result of their deliberations. Then in order will come applications from Cincinnati, Indianapolis, Buffalo, and other places.

Your attention is again at this meeting directed to reports of sundry examinations and trials, and your disciplinary action is looked for. Upon a review of the processes and the results of this important trust committed to your disposition, I beg to submit certain recommendations which I am led to make after some earnest consideration of the whole subject. We cannot overlook the fact that some means should be enforced by which the faithful local agent should be protected from the ill practices of his infrequent faithless associate; but to reach the latter, may we not seek another and indeed a more appropriate channel by which the latter should be checked in his deviations from rates and rules? Our present custom is to apply our censure and discipline directly to such agent, when it may be considered whether we should not submit the case, as we find it, directly to the Companies represented by such agent. Whether the discipline which the proven deviation merits will be as effectually worked on the offender may be a question, but it is better to admit the possibility of this than to err in a principle which seems certainly to be involved in our applying it

to the agent and not to the principal. There is an appropriateness in applying it to the principal, inasmuch as he is our constituent member, and your findings in any case would be accepted by him, and more willingly by him than by his agent. We apply discipline to the agent and we make the Company his counsel ; and on the agent's behalf his principal accepts his statements ordinarily more readily than he will our findings. This is but right and proper up to the point that we succeed in convincing the principal of the fault of his agent, for I hold that every Company justly and rightly supports his duly commissioned agent so long as he may be deemed worthy of holding his commission. In short, when wrong doing is reported in any local agency, we should lay the censure and its penalty upon our own member, be the consequences what they may. An exposure to the Company of any disloyalty of its agent cannot but be accepted by the former as a timely warning, for the agent who is disloyal to his brother agent is open to disloyalty in time to his Company.

Thus far as to the result of our formal examinations into agency books by authority duly voted : concerning trials by Local Boards of their own members, conducted under our rules provided for such emergencies, your usual course can be well sustained ; any judgment by his peers, endorsed by you, cannot be objected to by the agent ; it remaining to you only to see that the action of the Local Board has not been hastened by personal feeling, and that the accused has had a fair hearing in all respects.

That some mode of punishment should be meted to unworthy actions seems apparent, for the interests of all are too much bound up together to let grow any local demoralization ; and if justice sleeps, wrongdoing will increase, and mutual interest, indeed self-preservation demands that some bar be placed in its way. The most efficient manner of doing this, certainly the most fitting and appropriate, is to strike at the evil wherever found through the flag which the agent waves, and the Company will not long continue an agency which is bringing it at times under your censure.

Of the Committee appointed by you at the last meeting to review and make report of certain local tariffs in the State of Ohio, Mr. F. C. Bennett declines your appointment in a letter which is now submitted to you for reasons which he states.

Mr. Castleman presents his resignation as a member of the Committee of Co-operation for reasons which he states, and which are due, in his opinion, to the position of the Company which he represents as decided by the Board at their last annual meeting.

The Pennsylvania State Board held their annual meeting on the 18th inst., and began a new year of their useful existence with much spirit. Their various recommendations will be submitted to you in detail.

In sundry localities some of our Board agents represent Companies who do a purely mutual business. It has been held that all such agents must procure full tariff rates for such mutual Companies, our Companies yielding to the potent influences exercised by such mutual Companies in attracting to them local business. We acknowledge this influence, but our agents must adhere to tariff rates, otherwise we have no guide by which to maintain

intact such tariff. If we add to this influence of the mutual system a disregard of our approved rates, we surrender the whole principle of a fixed and binding tariff. But while we hold this view, we find among our members some difference of opinion, but I am pleased to think there is no difference of practice.

Some of our members have in isolated cases commissioned as their local agents the officer of some local Company which is not connected with the Local Board of Fire Underwriters. We have maintained that our members should be represented in every local board where their business is transacted, even where they may have two or more local agents in that place, to the intent that every agent it commissions shall be bound to local rates and rules for all the Companies he may represent. Your fundamental rules, as lately re-issued under Circular 226, appear to leave no room for exception, yet a few cases have come to our notice where a commission has been given to an officer of a local Company, be he President, Secretary, or otherwise, without exacting from him the condition enforced upon a mere agent, of being bound in all respects and on all occasions to the local tariff and rules. That the continuance of this practice leads to misunderstanding cannot be wondered at, and the principle involved is too sacred a one to permit an exception. There may be cases where no common injury is done, and in such we would not raise any note of warning, but where local complaint is entered, we have no option but to seek a proper remedy for the evil complained of, and for which our rules provide. A definite expression of opinion has never been sought from you on this point, but a record at this time would be timely, and prevent further misunderstanding.

In view of the diminished receipts of our Companies at Buffalo, it has been deemed advisable that some diminution be directed of the local board expenses, and your Provisional Committee recommend that the same be limited to the sum of \$3,500 per annum. This figure is named, as under it we can retain Mr. Churchill at his post there, and it is the unanimous view of that Committee that the interests of our Companies call for the retention of that gentleman there, as they know of no one so well fitted, by experience and decision, as he is for the peculiar duties imposed on him, and the confidence we all repose in him.

The Augusta, Ga., Local Board request your approval of a substitute to their By-Law No. 18, as follows: "No risks shall be placed or caused to be placed by members of this Board in any Company or Companies not represented therein, until they shall first be offered to all members, and upon risks so placed commissions may be divided."

We have been advised within the last forty-eight hours, that a bill has been introduced into the Georgia Senate, calling for a deposit from every Fire Insurance Company of other States doing business in that State, to the amount of \$25,000. We have communicated this fact to our members doing business in that State, as the proposition is one of concern to them all, and chiefly interests them as the beginning only of other legislation in that State adverse to their interests such as might be apprehended from the attempt of last winter.

The biennial meeting of the Kentucky Legislature is now in session, and efforts should be made to convince the legislators of that State that the revenues of its insurance department should be based equally upon the premium receipts of the Companies doing business in that State. The present mode of a tax per capita is so inequitable to the Companies doing business there, that amity and fellowship demand that the larger Companies lead in the initiation of measures of reform, otherwise they make themselves chargeable of quietly accepting the situation, which is one manifestly to their pecuniary advantage.

On motion, the report was accepted, and it was directed that the same be taken up in order for action.

On motion, the several subjects on the order of proceedings were referred to sub-Committees, to be appointed by the Chairman; such Committees to report on the matters so referred at subsequent stages of the meeting.

MEMBERSHIP OF COMPANIES.—The application of the Northern Insurance Company, of London, for membership in the Board was presented. On motion, the Company was unanimously elected a member.

RESIGNATIONS.—The resignations of the Franklin Insurance Company, of Indianapolis; the Fairfield Fire Insurance Company, of South Norwalk, Ct., and the Oswego and Onondaga Insurance Company, of Phoenix, N.Y., were presented, and, on motion, were accepted.

The resignation of the New Orleans Insurance Company was also presented; but, on a statement being made by the General Agent that he was in correspondence with the Company with a view of retaining its membership, action thereon was postponed until the next meeting.

ROYAL INSURANCE COMPANY.—The **PRESIDENT**, as Chairman of the Special Committee on the relations of this Company to the National Board, submitted the replies of the Department Managers of the said Company to the resolution adopted at the last meeting of the Executive Committee (Proceedings, page 401). After consideration, the following resolution was adopted:

Resolved, That the matter of the membership of the Royal Insurance Company of England, in the National Board of Fire Underwriters, be

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE COMMITTEE'S ROOMS, 156 AND 158 BROADWAY, N. Y.,
FEBRUARY 24TH AND 25TH, 1876.

THURSDAY, *February 24, 1876.*

In the absence of the Chairman the meeting was called to order at 11 o'clock, A.M., by Mr. D. A. HEALD, on whose motion Mr. BAKER took the Chair.

The roll was then called, and the following named gentlemen were found to be present: Messrs. Baker, Smith, Heald, Bennett, Murray, W. S. Davis (in place of Mr. Platt), D. W. C. Skilton (in place of Mr. Kellogg); and, as *ex-officio* members, President Oakley, Vice-President Chase, and the Treasurer, Mr. J. S. Parish. Mr. F. C. Bennett was present as a delegate from the Committee of Co-operation. General Agent Montgomery and Assistant General Agent Ford were also in attendance.

The Chair presented letters from Messrs. Chas. Platt, H. Kellogg, and J. B. Hall, explanatory of their necessary absence.

Mr. CROWELL entered and took the Chair.

The GENERAL AGENT then read the following report:

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE :

The approach of the Annual Meeting of the Board is exciting a return of interest among the members generally in the Association and its purposes, and while our numbers have lessened since the last Annual Meeting, there appears to exist no reason to doubt the importance or to question the strength of the body. In the departure from our midst of certain Companies, there has been eliminated from us much of weakness and much that tended to depress the vigor and uniform action of what our Companies generally had decided as the best course to pursue in any given policy. The experience of the last year of all the Companies doing business in this State is now before us and we can see from the instructive figures there presented that while our members as a whole show a better result both in losses and expenditures than the Companies not associated with us; yet these, on the other hand, demonstrate that any other path than that pursued by them would have resulted in great danger to the credit of many. Notwithstanding the handsome returns made to stockholders by some, and which have been artfully used to deceive the public by those who have no sympathy with our organization, yet the fact is patent that upon the premium receipts of Companies, the combined losses and expenditures have left but a minimum margin for the stockholder and nothing for surplus. This shows that the dividends referred to have been made mainly from investments, the result of several years accumulations; but which if used as an argument for a lower rate of premium would be availed of by the larger Companies at the peril of the existence of the younger and smaller Companies; and while the latter are many of them at times restless under a system which compels them to offer their policies at a price at which the Companies of larger credit offer their indemnity, they should never lose sight of the fact that any lower price would seriously affect their results, while the older Companies could bridge over any temporary expedient of lower rates by a reliance on their invested funds.

The subjects to be submitted for your consideration at this meeting are not numerous, and may be briefly stated.

The proposition for a Deposit Law in Georgia, requiring all foreign Companies to make a deposit of \$25,000 on and after December 1st next, has excited the liveliest interest and concern among our members, and while some are prepared to meet the requirements of the proposed bill, yet there has been great unanimity among them as to the necessity of opposing its passage not only from comity to those of their associates who were principled against making such deposits, but from an apprehension that should they not make a protest against the establishment of such in an influential state as Georgia, they would have to encounter like restrictive propositions in other Southern States. But while the Executives of our Companies took this view, some of their representatives in the State appeared to think such a law practicable and desirable, and made no opposition to it, and perhaps in some cases favored it. Assistant General Agent Ford was on his return from a trip to certain Southern cities when he was directed to return to Atlanta

and was there met by joint telegrams of a majority of our members doing business in the State, urging him to use all legitimate means to secure a defeat of the bill, and by representing to the local underwriters of that city and others, the views of the Companies as thus conveyed to him, he was enabled to create a better understanding of the matter; and the announcement now reaches us that the bill reached a vote in the House yesterday, and was defeated by a decided majority.

The vacancy in the Committee of Co-operation, existing at the last meeting, still remains, as Mr. Warren declines your appointment therefor owing to his pressing duties; and another vacancy exists by the retirement of Mr. W. A. Webb on the 1st inst. from the Equitable Insurance Co. of Nashville.

The Committee of Co-operation record their "opinion that the time has arrived when special concessions will have to be made in favor of localities where the business is subject to special difficulties by reason of inordinate competition, or whenever effective Fire Departments are maintained, * * * * and if such concessions are made discreetly and under the supervision of a competent representative of the N. B., the result will be beneficial to the general interests;" but "the Committee entertain the conviction, however, that if such special concessions are to be made by Local Agents, without check or guide, under the suggestion or impression that they are to make such ratings as will *get the business*, and that ratings so made are not to be questioned, evils must result to Board interests in general, wholly disproportionate to any local advantages likely to be received."

The Ohio State Board held its annual meeting on the 9th inst., and it proved one of great interest. A letter from President Hall, who is unable to report at this meeting, gives a *resumé* of the past in that field taken from the reports of the various committees.

We cannot longer conceal from ourselves the ill result we have found in every part of that important section from the joint agencies of Board and non-Board Companies. The special agents of our Companies have long been satisfied of this, and the time now seems to have arrived when our Companies would be compelled in their individual practise to forbear in the future such misalliances. It may not be well for your Committee to issue a formal recommendation in the matter; but the example set by the members in their own Company practise will have an influence which will be felt and command a respect which while not inviting the antagonism of non-Board interests, will simply convey to the community generally the assurance that we are consistent in practice in all particulars.

The Charleston, S. C., Local Board request your recommendation to our Companies to contribute to the support of a Salvage Corps, which can be established and maintained the first year's existence at an outlay of about one-half of one per cent. on their premium receipts. Could all the Insurance Companies doing business in that city form some association by which all alike could contribute to its support, the measure would seem to demand your countenance. Even as it is, if any exception could be taken

to your past course in these matters, this city would be entitled to such, inasmuch as the Fire Department is not in good form as compared with other cities; and under the direction of the Local Board an efficient Salvage Corps would do more than aught else to reform that Department and put it in better working order, for it yet retains many of the evils of a purely Volunteer Department, however good its material may be in numbers and able bodied and active young men.

The monthly Bulletin of the Board has not been issued this year, owing to the limit set on our printing expenditures for the balance of our fiscal year. This paper affords the most convenient instrumentality yet found for conveying to our Companies and their Special and Local Agents many interesting facts, as well also a transcript of your more important proceedings. At this moment there are many items of interest to those who represent our Companies through the country awaiting on our files such communication, but which cannot well be issued in circular form—such as statistics of individual localities, or of general experience, and the like—besides affording to our members reliable and excellent reports of Water Supply and Fire Department of different cities and towns.

In October, 1874, you recorded your request to our members doing business in New Orleans "to instruct their Agents to join the Local Board of that city, if it should appear that such Agents are not already members." Subsequently to this Mr. Peetrey visited New Orleans, and in January 1875, you adopted his recommendation to the same effect, it appearing that no conclusions to join the Board had been reached by the Agents referred to. The Companies, however, yet unrepresented in the Board did not feel prepared, under the peculiar organization of the Board, to instruct their Agents in accordance with your recommendations, and at the beginning of this year twelve of our members were represented in the Board and eight still unconnected with it. The matter was referred to Assistant General Agent Ford, in his recent visit South, for inquiry and report, and he is now prepared to present to you the result of his observations of the situation. It seems essential that our members operating in any given locality should be united in their work therein, and the only way to accomplish this is by a local organization. In the present case there appear difficulties in the way of a harmonious working of the agency and the local interest, and there would seem to be no objection in order to secure united action among our own members there to recommend them to form an Agency Board exclusively, similar to that which has been in operation for some years at Mobile. The question of rates in New Orleans is an interesting one, and the city is entitled to some modification of rates when the oppressive system of licenses in force there are modified by the authorities. Doubtless, an Agency Board could so frame their tariff as to lead to a movement to reform this onerous system of taxation.

On motion, the report was received and directed to be taken up in order for action.

SCHEDULE "B."

REDUCTIONS FOR WATER FACILITIES, 1875-1876.

		Mercantile Bldgs. & Cont's.	Dwell- ings,	Special Haz'ds.
Bellaire, Ohio	Mercantile Bldgs and Contents.	15	10	.....
Canton, "	" " "	15	10	.....
Hamilton "	" " "	15	10	.....
Ironton, "	" " "	15	10	5
Mansfield "	" " "	15	10	.....
Piqua, "	" " "	15	10	5
Aurora, Ill.,	" " "	10	05	.....
Bloomington, Ill.	" " "	15	10	.....
Decatur,* "	" " "	15	10	.....
Evanston "	" " "	10	..	.....
Rockford, " "	and Contents	15	10	{ Ohio } { Tariff. } 50
Gr. Rapids, Mich. " "	" " "	15	10	.....
Port Huron, " "	" " "	10	05	.....
Clinton, Iowa *	" " "	15	10	.....
Cedar Rapids, Ia.,	" " "	15	10	.....
Davenport,* "	" " "	15	05	.....
Chattanooga, Tenn. "	only	15	..	.....
Winona, Minn.	and Contents.	15	10	.....

* Increased from 10 cents on buildings only.

SCHEDULE "C."

SUMMARY OF EXPENSES FROM TREASURER'S STATEMENT,
FROM JULY 1st.

Salaries and travelling expenses, 1874-75.....	\$233.78
" " " 1875-76.....	13,403.68
	<u>\$13,697.46</u>
Expenses of members in attendance upon meetings of Committee	970.49
Postage account.....	245.19
Telegraph expenses.....	77.33
Stationery and printing.....	389.80
Office furniture and fixtures.....	234.97
Rent and incidental office expenses.....	420.00
	<u>420.00</u>
Total.....	\$16,035.24

ANNUAL REPORT OF THOMAS H. MONTGOMERY,
GENERAL AGENT.

MR. CHAIRMAN AND GENTLEMEN OF THE EXECUTIVE COMMITTEE:

Entering on the Second Decade of the National Board, as we do to-day, the lessons of the old must be the guide to the new. We have been favored to overcome many of the pressing difficulties attendant upon a new organization, and inherent in a novel association of professional men. Our business has been our profession; the pursuit of one was involved in the other; and, with the twofold object in view, has indeed formed a novel association. Novel, in the outset, but not now untried; and matured by its varying experience into an assured organization.

It is incumbent upon the Board, therefore, at this meeting, to hold closely in view what has been earned of experience in the last ten years, and build upon that, and not upon experiment, that which may be helpful to our interests in the years to come. Probably the experience and lessons of the year just closed are the richest we have had, and upon which we can build better than on any previous occasion like this. These lessons are now before us, and are clear and broad enough to light us on our way in the coming deliberations of the Board; and the members, seeing each other face to face, thus will be enabled to reach, it is believed, a common conclusion, and to part with a full promise of continued vitality and usefulness in our organization.

In presenting my Annual report, I will confine myself principally to the setting forth of the results of our operations for the past twelve months, as seen from the standpoint of this office; and it may be that I shall be enabled to inform our members more fully upon the active operations our system has entailed upon us than in any other mode; and I hope to elucidate each point that seems to me entitled to your present consideration, so as to lead the members of the Board, if not to see things altogether with our eyes, at least that we may be able to convince them of the directness and the faithfulness with which the views of the Executive Committee have been carried out. I shall embody in my statement some suggestions, which you may deem of sufficient value for special consideration; and, while they will be presented with due deference, they cannot be withheld, seeing that they are the growth from observation obtained here, and to which the members are entitled, as we cannot, perhaps, otherwise convey to them thoughts which have been maturing in ways and modes, not sufficiently or generally open to them, in the details of our duties.

OFFICE.

The correspondence continues voluminous and engrossing, and extends to all parts of the country. Besides our own membership, which thus favors us, we are in communication with 1,111 Local Boards, involving a Local Agency representation of nearly nine thousand agents.

Of circulars, 75 have been issued, the total circulation being 42,330. Rate slips have numbered 738, at an average issue of 150, making a circulation of 110,700.

The office force consists of nine, exclusive of the printer and his two assistants. I have another year's tried testimony evidencing the faithful willingness and unwearied attention of all in the office, and who give more hours' work to their daily duties than the force of any insurance office known to me. Secretary Miller I refer to with much pleasure, as his ready assistance is only equalled by his close and interested attention to the duties of his position.

The Printing Department is continued with constant economy, making us a saving of more than thirty-three and a third per cent. had we put our work out. With artificial power we could run another press with our present force, and thus greatly extend our ability to keep our printing

within our own control. As we are now situated, all our proceedings and larger tariffs have to be given out, which we ought to be in the position of controlling ourselves. The first year's operations of this Department, up to January 15 last, showed the printing of 128,350 slips, 95,175 circulars, 2,750 tariffs, 66,200 envelopes and other jobs, at the cost of \$2,572.21.

OFFICIAL VISITS.

I attended the Annual Meeting of the Underwriters' Association of the South at Savannah, on May 12 and 13. It was with much regret that, owing to the pressure of office duties at this season, I was prevented attending the Annual Meeting of this important Association at New Orleans on the 5th and 6th instant, where the Board was represented by Messrs. Cram and Alliger. At the Savannah meeting I was favored with the company of Mr Cram.

With Messrs. Kellogg, Murray and Willmarth, I attended the meeting of the New York State Board at Syracuse on June 8.

Attended a meeting of the Central Auxiliary, held at Toledo, Ohio, July 23, at which Mr. Cram also attended.

I visited the Buffalo Board on September 6 and 24.

At Chicago, on September 23 and 24, in company with Vice-President Chase and Messrs. Murray, Bennett, Hall and Cram, I attended the Annual Meeting of the Northwestern Association at Chicago. This proved to be probably the most interesting session this valued auxiliary has ever had.

Attended the meetings of the Executive Committee held in Philadelphia, December 8, 9, and 11.

Attended a meeting of the Executive Committee of the Pennsylvania State Board, held at Reading, February 11, in conjunction with a meeting of the Local Board.

Visited the New England Provisional Committee in Hartford, on September 1 and March 25.

ASSISTANT GENERAL AGENT.

At the May meeting of the Executive Committee, Mr. Charles H. Ford, Supervising Agent, was appointed my Assistant, much to my gratification. The appointment has been fully justified by the results. Mr. Ford in this capacity is enabled to avail himself of his many years' experience, and his knowledge of the wants of the field to greater advantage than before, and is thus officially prepared to carry out more promptly such action of the Committee as may be assigned him. The special duties in view when his appointment was contemplated are not only as well fulfilled in fact at this office as at Chicago, but he can, in addition thereto, undertake others of like importance, thus affording to me valuable and exceedingly acceptable assistance and co-operation. His report herewith merits your careful attention, and I ask your reference to it for a full account of his varied and important labors.

SUPERVISING AGENTS.

Mr. William S. Denny having accepted the Secretaryship of the Shawmut Insurance Company, resigned his connection with the Board in July last. By the early membership of his Company with the National Board, we were, however, happily soon brought again into official relations with Mr Denny, whose labors, when in our service, proved of so much value to us.

Mr. I. S. Blackwelder's resignation takes effect on the 1st prox., he having accepted a responsible position in an extended department of one of our English members. Mr. Blackwelder's faithful and intelligent attention to his arduous duties has commended him to our great respect.

Mr. C. T. Webster, previously acting as Special Agent, was in July last appointed Supervising Agent. His entire time has been occupied in upholding our interests in the New England States.

Mr. George A. Holloway was appointed Supervising Agent, also, at the July meeting, with assignment to duties in the Western States. The resignation of Mr. Blackwelder will now throw double duty upon him until another is appointed.

The reports of these gentlemen, which are submitted with this, form documents of peculiar interest, and are so instructive that I beg particularly to direct your attention to them, and ask from you their attentive perusal, as they will afford you a full insight into the field-work which has devolved upon us in furthering National Board interests. I have solicited from these gentlemen such suggestions as their extended observation would prompt them to make; and it is in these suggestions that you will find embodied, it appears to me, some practical thoughts which are well worthy the serious consideration of the officers of our Companies.

SPECIAL AGENTS.

Mr. J. B. Visscher in New York, Mr. William Muir in Pennsylvania, Mr. J. W. Covington in the Southern States, and Messrs. Wheelock and W. T. Hawxhurst, under the direction of the Committee of Co-operation, are doing faithful service in behalf of our interests. Mr. Visscher was for some time Secretary of the Syracuse, N. Y., Board, and we there called upon him for assistance in the adjacent towns, where the efficiency of his services was so fully demonstrated, as to lead to his appointment by the Executive Committee, at their June meeting, as Special Agent for New York State.

SUPERVISING AND SPECIAL AGENTS.

I must commend again to your consideration the pressing importance to the interests of our Companies of our Field Service; and as a plea for urging the subject upon your renewed attention, I need but refer to the character of the work sought thus to be carried out on behalf of our Associated Companies; and I can better illustrate its value to our Association by comparing it in character and degree with that which each of our individual Companies deem it essential to carry out in its own behalf. In my view the importance is apt to be lost sight of that Companies associating them-

selves together should have in their united employ experienced men, and men of discretion and judgment, who work as exclusively for the joint interests of all the Companies thus associated together, as do the Special Agents of individual Companies work for them. In other words, the vast interests confided to our Association demand as single-minded and as direct attention in all its departments as does the individual work of any individual Company; and to be done thoroughly, must be done completely and well. It has seemed to me at times that our members have not appreciated this point, and sufficiently recognized its value. Our Association should be in a position beyond the need of accepting the temporary services of gentlemen whose first duty is to their Companies. Take the District Committee work of the various State Boards, which has proved of inestimable service to our Companies. We cannot overlook the fact that the members of those Committees are liable at any moment, when on such duty, to be called off on adjustments or other special work, their own Companies, of course, having the first claim upon their valuable services. Many cases have occurred where, owing to such calls, the local work in hand has, in fact, been left to perhaps but one of the Committee, which is unjust to him, and also probably fails to attain the completed action desired. Our thanks are due to these gentlemen for their diligent and patient attention to the cases referred to them or sought out by them, and are alike due to the Companies who have thus spared their services. But their work, often laborious, is only evidence that the Associated Companies should have enough men in their service to do this field work—men who have no other duty, no other aim, than to remain in any one locality long enough to accomplish the work in view, or who can be detailed to review some pressing emergency, with as much directness and promptness as a Company will direct its Special Agent to any point where its own particular interests may be in jeopardy.

We have, time and again, been unable to meet any sudden emergency, by the lack of men who could be spared from other points; and to assemble the appropriate State Board Committee gentlemen who are on the wing, and having, probably, various engagements in advance, consumes valuable time. Many cases, by prompt attention, could be easily cured—not for all time, perhaps, for there are some localities where perhaps a few men keep Board matters in a restless condition always—our own representative could proceed immediately to any such point, and there, if needed, would await the arrival of the Special Agents of Companies, or proceed to at once make his inquiries, and submit his report, which latter is laid soon before the Companies interested. To attain this prompt and direct action, therefore, at any troubled point, our members should recognize the importance and the value to their mutual interests of contributing a sufficient amount to secure enough field help; for while it may be considered a mere matter of expenditure, observation leads us to the conclusion that it would be simply an act of economy in the end. Those now in our service will show more miles traveled in their respective districts than any Special Agents of Companies, and I have never been brought in contact with gentlemen who

seem, as a rule, to devote so much continuous and unbroken attention to the work submitted to them as they have.

The best evidence which can be presented as to the estimation held by the Executive Committee of the Special Force employed by our Companies, is found in the fact that the Committee look to their ranks to secure the right men to do the work of the Board. In being transferred from the service of an individual Company to that of the associated Companies, these gentlemen soon find they are taking on them no easy duties. In the nature of these duties, they must often be the means of bringing to light many unpleasant facts in the Local Agency business—facts which prove as unpleasant to them as unwelcome to the Companies particularly interested. It seems requisite, therefore, that in imposing upon them such duties, and only just, that the officers of our Companies and their field representatives should receive in patience the results of their investigations, and before disapproving, carefully examine to see if there are not good grounds for accepting their reports. This suggestion may apply to their rating duties in like degree. It is so easy for members of a Local Board who have been assisted in their rating work by one of the Board representatives, to fault his views and suggestions after his departure. The gentlemen of the State Boards, who have done some of this work on our behalf, can themselves testify to the ready criticism and objection which arises upon their work often, when some members of a Board feel themselves aggrieved by some individual rating. We have many evidences on file, showing that where State Board Committees, or one of our immediate representatives have come to a common conclusion with a Local Board on their Tariff, they have subsequently come in with requests for a reconsideration on some particular risk or risks. One notable case there was, where a special representative of the Board spent a week in active company with a Committee of three of a Local Board in going over the entire business portion of their city, and the result of their joint work was adopted unanimously in full Local Board meeting; yet, not many weeks had elapsed before a Committee from that Local Board—not one of whom had been on the joint rating Committee—sought a conference with the Provisional Committee, asking a reconsideration of the rates on an important interest in that city, with a view to a reduction of fifteen per cent. thereon. It may be here said, that often a Tariff is not so objectionable to a Local Agent from the *nature and character of its rates, as it is in the fixedness of principle involved in a Tariff*, and a close adherence to which, under all circumstances, is taken as an annoyance by a Local Agent, if not a detriment to his business.

Much consideration is, therefore, claimed for the representatives of the Board on the part of our Companies, and in view of the peculiar duties specially assigned them, your officers can but rely upon patient and faithful attention being given by the Companies to their reports when submitted, and would urge prompt action by them thereon. It is the delay often had in these matters, by the Companies interested, which has led to a misunderstanding and equal misapprehension of their course in such matters, and hence statements, entirely unfounded, have been made as to their non-

conformity to sound rules in the premises. From the observation afforded us of the course of our Companies in all such matters, we have found no reason ourselves to doubt, in any way, their entire faithfulness to the rules to which they have subscribed, and we feel it but their due that this record should be made of the convictions of the officers of the Board on this head. Many statements are circulated to the discredit of one or another Company as to their lack of adherence to rules, but we have, in our four years' observation, failed to find any just ground for such sweeping and designedly harmful assertions. Our faith may be called in question, but until good evidence is submitted that any companies are pursuing this course, that faith remains unaltered.

The statements here alluded to arise from the necessary machinery every Company has in its employ to reach the correction or settlement of any Local Agency difficulty in which its interests are involved, and which it is perfectly justified in employing. When we recognize the particular carefulness with which all Companies endeavor to select their Local Agents, as is exemplified in the recent remark of a President of one of our Companies—"In the appointment of agents we have been particular to select men of known integrity and ability, with a proper past record, and those we could trust with our instructions,"—it is but their duty to see and examine for themselves how far the reported charges against such may be substantiated. So long as a Company's commission is out, so long should the Company trust him who holds it, and when satisfied that their faith has been misplaced, then, and not until then, should their commission be withdrawn. There are many cases of an aggravating character, where perhaps the evidence against an agent, although conflicting, may be satisfactory to the officers of your Board, and will lead them to recommend to his Company some appropriate discipline, and perhaps removal; but yet that Company may have presented to them, by the agent, side issues, for the purpose of diverting them from the main point at stake, and succeed in gaining delay, which is all-important to him in his case. But that is no ground for charging the Company with bad faith to the Local Board of which the accused is a member, and with disregard of the comity due his associates. A part of the Company machinery employed—*i. e.*, its field force—in cases where several Companies are concerned in one Local Agency, cannot always unite in action for various and valid causes such as those before referred to, for in many such cases the Companies elect—and wisely—to leave the investigation to their own Special Agent, and it needs but a moment's thought to conceive the importance of joint and united action under such circumstances. An illustration of the difficulties arising from want of proper concert of action in these matters, may be found in a case which occurred, now three years since, where three prominent Companies, through our instrumentality and representations, arranged thus to give personal attention to an agency of theirs, which seemed to be disregarding rates and rules. The representative of one of the Companies reached the locality quite promptly, while his friends of the other two Companies were both, it is understood, delayed by adjustments, or otherwise, and did not meet him. He proceeded to work,

and satisfied himself of the wrong-doing at that agency, and with instructions thereto in his hand, canceled the agent's commission. He reasonably and very naturally supposed his two associates, on arriving there, would find the same evidence and take the same course. These two reached there in company within a few days after he had left; but while finding like evidence, they also found existing a state of repentance and promises of amendment, which were not vouchsafed to him when appearing single-handed and alone, and they concluded they would continue their business without change, as to their apprehension the Agency had really awakened to an appreciation of its deviations, when the fact was, and they did not at the time perceive it, that the Agency, having lost one Company, was not prepared, now, to lose the other two; the removal by the one had convinced the agents of the reality of their peril after its consummation, and that being the cause, the others would appear to have been bound to follow in the same footsteps as their associate, for he had changed his Agency at the great risk, as it subsequently proved, to all his business.

LOCAL BOARDS APPEAL TO THE NATIONAL BOARD.

This case merely shows the importance of joint and similar action in all such cases on the parts of our Companies; and the want of attention to it, has led to many misunderstandings which have been enlarged upon to the common hurt. The Agents, in any Local Board trouble, naturally look to the National Board to at once right their difficulties, and the calls are many on us to "rise up, and show that the Board has power." And this brings us to a curious fact, which may be incidentally mentioned here, that while many Local Agents cannot give their sympathy to an organization which obligates them to a uniform rating, they at the same time appeal to it for help in their troubles. But it has often proved difficult for us to convince any Local Board of the necessary steps which a Company should and ought to take to get at the truth of the case or cases presented to it, and that the remedy is eventually applied, perhaps, very quietly, but effectually. So long as the National Board does not assume—for the reason that such has not been delegated to it—any right to interfere in a Company's management, it will not, under its present direction, look for any correction of Local Agency difficulties, other than that which can be proved to the Companies interested by reasonable evidence.

COMPANIES SHOULD PROMPTLY ACT.

But, while the Company should deal thus prudently and equitably with its Agent, its officers should bear in mind that it is under obligations to its Associated Companies to be prompt in its examination, and effective in its action. And this mainly from the importance to the general interests of all the Companies represented in the locality where the difficulty exists. If reasonable statements are presented showing irregularities on the part of an Agent, the Company he represents, as a member of the National Board, should see to it that the local misapprehensions possibly arising from the exposure of such, should not spread; for if the other Local Agents' are, in

their opinion, affected by such irregularities of a brother Agent, the particular Company in interest has its duties to the Companies represented by those other Agents requiring from it prompt action ; and in our view, when such cases are reported to them, their due consideration of them should take precedence of all else, and should be attended to immediately in deference to the mutual obligations imposed on them by membership in an Association of this character. The true way to deal with such cases is by realizing the fact that the Company has in the matter at issue other interests to serve as well as its own, and if comity is to be maintained in our Association, this principle should be held constantly in view. The neglect in some instances by Companies not giving this point a wiser apprehension, has led often to criticisms on their seeming dilatoriness in action, the ground for which could have been avoided had this essential principle of our organization not have been overlooked.

WHAT THE NATIONAL BOARD IS.

The Companies can be sustained in this by their State and Special Agents, who, with due appreciation of the need of promptness in such matters, can give their energies to this particular duty, which seems thus imposed on them in aiding the work in which the Companies have entered upon to maintain and conserve an organization designed for their preservation. And these gentlemen can, in their representative capacity on the other hand, prove greatly helpful to the Local Agent in many particulars, by encouraging and assisting him, by showing to him the mode of operations of the Board, and by demonstrating to him that the National Board is not a body independent of its constituent members, but is only their representative to carry out their views and principles. There has been much thoughtless language employed by many in speaking of the Board, which naturally leads to misapprehensions, and all such should be avoided as tending to support a false idea of the organization, and which serves to destroy its influence with the Local Agent. Anything that leads the Agent to form an opinion that the Board is an organization outside and independent of the Companies, serves but to weaken our institution, which their Companies desire to sustain, and impair the principles which by it they strive to perpetuate. An Agent thus becomes prone to asperse the Board for some action perhaps hurtful to his peculiar interests, which, doubtless, may have been due to the motion in the deliberations of the Board of his own principals, when he would have withheld his criticisms had the action been solely of his own Company's. The Board is but the aggregation of Companies, be they many or few, and has no independent existence, and is only the creature of the Companies who created it, as a medium or channel by which they can attain a certain uniformity of operations in the furtherance of their mutual interests. The Companies create no new body, but form themselves into a business federation, which, while leaving each member to carry on its business in its own peculiar mode, yet affords them a means by which, in certain fundamental matters, they can reach a concert of action, such as Local Associations of Underwriters, Local Tariffs, improvements in municipal

regulations looking to fire prevention, in the interchange of views and experiences as to any new device lessening the possibility of fire, and in the matters which affect their general and common work, leaving, as now stated, their own administration of their affairs unimpaired and untouched. In this connection, I cannot better illustrate this point than by adding here a quotation from the letter of the President of one of our oldest Companies, written recently to his Agent in an important Eastern city, namely :

"It would seem that the Agents, or some of them, have the impression that the National Board was a Corporation located in New York, in which Companies had no other interest except to bow down to it, and accept its mandates and decrees. Let me here say that the acts of the National Board are the collective acts of individual Companies comprising the National Board, and that its powers are those of the Companies, which the Companies have conferred upon the Board for the purpose of uniformity in the promulgation of instructions to Agents, instead of an irregular, spasmodic, as well as uncertain, if not conflicting, instructions, when left to individual Companies.

"You refer to the judgment of Agents on the ground as being the better able to judge of the adequacy of rates, than are the officers of Companies in some distant city. In reply to this, let me say that the Companies have statistics covering a large territory, and these statistics are a better guide as to the *average* than any Local Agent has, hence the general average is the only safe guide in rating. If this average is departed from, such ratings are mere chance and guess-work, and cannot be relied on."

CO-OPERATION BY SPECIAL AGENTS OF COMPANIES.

Another mode in which our friends of the Special Agency Corps of our Companies can assist the operations of the Board, is in their free conference with *all* of the Agents of the localities they visit. So long as the Companies associate together for a mutual end, so long should the Special Agents associate together for the common interests of their respective Companies, and they can best do this by a free and general intercourse with the Local Agents as they meet them. But this thought is so much better expressed by another, that I quote here from the Report made by the Committee on Local Boards to the recent annual meeting of the Ohio State Board, namely :

"We must cultivate among the Agents a proper appreciation of all matters pertaining to National Board interests. We must secure their cheerful co-operation in the discharge of the duties imposed upon us as members of the District Committee. These Committees should not regard their work as ended when they have done nothing more than the making of a casual visit, and held an informal talk with the Agents upon the street corners. Much good can be accomplished by frequently convening the Local Agents, and freely discussing those matters involving the interests of all concerned. Counsel and assistance from District Committees may, at times, if judiciously given, save a Local Board from serious discord, and, perhaps utter demoralization. A word fitly spoken may often quiet jealousies arising from competition in business. It may overcome those prejudices against the National Board which are at times only the outgrowth, not of stupidity, but failure to understand its proper requirements. Thus, we may by judicious effort largely contribute an influence towards averting discord, and saving within our ranks efficient men, who in disgust have misconceived our purpose, resigned our Companies, and become at once our bitterest foes."

The above are good and true words, and are worthy of an echo from every part of the great field in which our united Companies operate, and it is trusted the response will be a reality and not a mere echo.

RATINGS.

The past twelvemonth has witnessed a greater percentage of decrease in rates than in any previous year of our organization. The causes which have led to this have been many, and need not be enumerated here. It is sufficient to say, however, that the experience of our Companies the past year did not justify any extended reduction, and this is demonstrated by the figures now submitted in the President's Annual Address. It has formed perhaps a subject of disappointment, and in some cases of anxious criticism that the Executive Committee have been unable to devise a system of operations which would promptly reach every case where an amended tariff was sought for by the Agent ; but with their force in hand, they have accomplished a vast amount of work, more indeed than could have been reasonably expected, representing as they do such a varied and scattered constituency, and covering an immense territory. But to have a uniform "system," so called, would be futile, if not impracticable ; and the Committee have sought to be guided by the lights of local as well as general experience, and being themselves alike interested with their constituency in the business under review, have reached conclusions which would have been more acceptable had the Companies generally better apprehended and more really appreciated the character of work which they themselves had thrown upon the Committee to accomplish. It can be safely stated and truthfully maintained that the Executive Committee have in all cases acted with an entire sense of the responsibilities thus placed before them.

It must be borne in mind that our Companies with their own individual and perhaps peculiar experiences, may form opinions of any given matter which it is safe for them to follow in their own practice. Companies with many years of extended and valuable experience may deal with any particular subject in the light of such experience. But the Executive Committee cannot take the view or opinion of any one member ; they must see what is the best for the whole body, even at a cost of forfeiting for a time the full support of any one member. The question of a Local Tariff comes under this category, wherein some one Company maintains one view, some other Company another, as to some particular rating or local practice, and the one gives as good reason for his opinion as the other. With due respect to each, however, the Committee must approach a decision and settlement of the matter by a review of the whole situation, and conclude upon a course which, in their judgment, they believe will prove acceptable to all. It is possible that their decision may not produce the expected results ; but their constituency, who have placed them in this responsible position, should accord to them the merit of acting under a sense of that responsibility, and take the assurance that the Companies whose executives are on the Executive Committee are equally with them the losers as well as the gainers by their various actions.

While no general or absolute system of ratings can be framed for all localities, yet there is a policy always to be maintained, and that must be one which promises to lead to the best advantage of the whole membership, by the maintenance of such adequate ratings and good practice as the combined circumstances and experience surrounding the case will dictate. In the individual judgment probably of the members of the Committee, there are cases where the highest rate named is the only paying one; yet, if the opinion of a leading number of our Companies is that another figure will carry the hazard at a reasonable profit, the Committee must, in their discretion, act in that direction as the custodians of the interests of all. And if in such action some of our members may be debarred from writing the given risk at the lower figure, they had better accept such result than to endeavor to maintain a figure the value of which they may not be able to convince the majority of their associates of, and to maintain which may produce a point of friction between the Local Agent and the Tariff, which is at all times to be deprecated. In other words, the Executive Committee must consult the general interests of the Companies in preference to the particular principle involved in the adequacy of any given rate—the question of adequacy being a relative one, and upon which there may be found to be no very united opinion. In the exercise of this discretion, and in full view of their responsibilities, members of the Committee have at times voted for rates at which they would have hesitated to issue their own policies for; and this statement is made merely to instance the care and consideration with which they always endeavored to perform the trust committed to them.

STANDARD RATINGS.

In further consideration of the matter of Ratings, I am led to the thought that the work entrusted to the Committee was so entrusted without many definite rules; and in the infrequency of Board meetings, they often have had to grope their way in untried paths. But it is part of wisdom to learn from experience and observation, and the Committee will from time to time, as they have heretofore, vary their mode of action, even at the risk of the charge of wavering or inconsistency, and never tire until they reach a settlement of any matter put before them to the best of their knowledge and apprehension of the situation. Thus, in our standard or minimum ratings for sundry States, which have been issued from time to time, and which have received the full indorsement of the Board, and are a most valuable and instructive compendium to the Local Underwriter, it yet must be admitted that we encounter localities upon which we cannot, with justice, maintain rates based upon a general experience which necessarily includes poor localities and risks with the good. Admirable as have been the results of this system in enabling our Companies to recover from the peril into which the fires of Chicago and Boston threw them, and in educating the Local Agent, yet the time has come when we must mould our system to the circumstances as we *now* find them. This peril of the Companies is past, and there are none of them likely, for many years to come, at least, to ex-

pose themselves to any one calamitous loss. Therefore, without disrespect to our standard system, we can yet accept its findings if we do not conform to its results, in detail, in those localities where, in the judgment of the Committee, circumstances may warrant a departure from its fixedness. We have provided for exceptions to this system for certain physical improvements in water extension, improved fire departments and the like; but there are localities whose thrift and prosperity point to yet a different rating from that reached by any physical improvement, and the Committee can no more ignore this than can the Company ignore the principle in writing the individual risk. How a proper judgment can be reached on this matter need not at this step be considered; but the principle must be admitted a sound one, and the Committee, in accepting it, will find a renewed support from their constituency in upholding and carrying out their conclusions.

REDUCTIONS IN RATINGS.

The experience of the last two years has led many of our Companies to review the situation, and to give their assent in numerous cases to revisions, which mean reductions, of Local Tariffs, whether for good or ill, need not here be enlarged on; the fact alone is presented. Three years since, their opinion was that rates could not be maintained too rigidly; to-day their peril seems to them to have passed, and the majority are willing to accept their risks at modified figures. In this view the Executive Committee, as a representative body, and not a council of instruction as such, must accept these views as they find them, and endeavor to preserve order and avoid confusion by so acting as to carry out what they find to be the present views of the Companies generally. The Committee, acting in this capacity and in this line, therefore, must not be faulted if the Companies find that tariffs may go below paying points; they are the dictators of the business, and not the Executive Committee. And in the light of the facts as we here find them, it might therefore be unwise in this report, perhaps, to remind the Companies that they are preparing the road to a surely losing business, and one from which they cannot easily rally; but duty impels the record of the warning in this place of the certain results which must follow if they continue to indicate to the Committee to continually sacrifice their paying prices.

AGENTS' DESIRE OF MEETING COMPETITION.

In the struggle and attrition of business, the Local Agent finds many difficulties which, to the officer of his Company may be unknown. But, on the other hand, there is to him much unknown of the general experience which must be the principal guide of that officer or manager. Owing to these factors, the Local Agent deems it often safe and proper to seek to reduce a rate, in order to retain his client's business, when, perhaps, a full knowledge of the situation, and with more ready firmness, he might not have any difficulty in renewing his risk at the former figure. Many instances have occurred where the experiment has been tried of thus saving a risk by some concession in rating; but it has been found, without ex-

ception, that a door was thus open, impossible afterwards to close, of a successive and continued reduction in rates, to the loss of the Company and to the equivalent diminution of the Agent's remuneration. The moment that the Agent finds his sinews thus weakened, that moment his business is at the mercy of his client. The Agents soon feel this and regret the open door. One instance recently occurred in a not distant city, where finally a consent was given to some "modification" of a rate on a special hazard, in order to retain a valuable business to Board Agents; but the result was entirely foreign to their hopes, as the assured, finding his success, gave the Board Agents only a share of his business, and making their action his weapon, induced many other insurers in the city to undertake the same operation on their risks, telling them they could get their insurance at their own figures if they stood out firmly, &c. And now the Agents regret their concession, and declare the gentleman who thus overcame them has proved more harmful to their business than all the non-Board Agents in the place combined. This case is parallel by an instance of very recent occurrence in a Western city, where a Local Board was induced to make a reduction in the rate of a leading risk in their locality on the promise of its retention to Board Companies, but the result soon showed that the assured was merely operating for a figure upon which he could secure his insurances yet lower from non-Board Companies. I am still of the opinion that Agents generally would fare better themselves did they realize the importance of reducing rates *only for cause*. They could obtain in the aggregate more premiums; but finding in some cases their views were entertained for the sake of experiment, they now find their backing to weaken, and the plane is abandoned for a descending scale. If rates have in any instance been too high, the Executive Committee is not above recognizing the fact and modifying them on a proper presentation of the case; but that is quite another matter from reducing them merely to hold risks as against competition. The assured will applaud your justice if you tell him you find you can now safely write his risk at a lower figure, but he will condemn your principle if you lower it merely to keep his policy from a non-Boarder.

REMUNERATION OF AGENTS.

Full appreciation should be given the Local Agents in his difficult work, and Companies should not lose sight of it; and they should, in fact, be slow to criticise his haste to reduce rates when competition arises, so long as they elect to remunerate him upon the basis of a commission. The Company with its extended business, can suffer the loss of a few risks, for it may supply them at other points; but the loss of any risk is to the Agent a certain loss of so much of his compensation. In this view, the Companies should be slow to condemn their representative when he seeks measures to retain his business, the loss of which he is threatened with. Hence, it seems to me, great consideration should be given him, for he is placed in that position, in fact, by the Company itself, and sooner than condemn him, they should unitedly strive to adopt some measures which would give him more confidence, and more self-reliance in the conduct of his profession,

In other words, sooner than reiterate the sentiment of the "timidity of the Local Agent," let the Companies cast about for some practical plan which will remove the occasion for such timidity.

I do not intend by this suggestion, to presume any recommendation to the Companies in the matter, but simply desire that they should recognize matters as they exist; and I am confident, that in the mode of the remuneration given their Local Agents, they will find, deeply planted, the main root of all Agency criticisms upon ratings, and for which, in fact, this system is responsible. I also believe that the large majority of Local Agents would welcome some other character of compensation, and many have so expressed themselves to me. But what that other mode can or may be, must be left to maturer thought than can be given it at any one of our meetings.

VIOLATION OF RATES.

Among the many thousands of Local Agents representing our membership, there are a few who may not have a full regard to the value and importance of maintaining rates. I say "few" advisedly, for the number is but small who stately disregard their Tariffs. Of this number we are sure to hear, and hence are led to think that it is an evil which the whole body of Agents is prone to. No greater mistake can be made than to harbor this suspicion. In our intercourse with our Companies in their Agency operations, it is with gratification we observe how circumspect and faithful to rate by far the larger number of Agents are.

But we hear, often and frequently, of the few; and because we cannot correct their practices, and allay their injurious operations, it is thought by many that the National Board has failed in the due performance of its duties. It has been truly said, however, by one of our members, that "the National Board cannot change human nature," and as we must accept his conclusions, we should not deem it disappointment or a reflection upon our Association, if there are found, here and there, local representatives of our Companies who are not faithful to their trust.

Referring here to the proper investigation into any Agency irregularities, I can merely supplement what the President has recorded in his Address, by remarking that while the processes undertaken by the Committee as authorized by the Board have been found very unwelcome to the unworthy, and productive of immature criticism on the part of some others, yet it has been a branch of our service, the exercise of which has been more sought by loyal Agents than any other which was entrusted to the Committee. Had we complied with all the requests made to us for examinations into suspected Agency books, our time or our force would not have sufficed for proper attention to all the alleged cases of bad faith. For one examination into books and papers undertaken by the Committee, ten have been sought for by good Agents, as they recognized that in this mode, and only in this, would the truth be reached as to the supposed violation of rates by other Agents, the mode of trials by Local Boards failing in essential particulars to open up the whole matter as demanded in the interests of truth.

That good has been accomplished by this means of ascertaining the true facts in any given case, yet disappointment has been felt at times that the cure in some cases is not permanent, and the loyal Agents feel aggrieved that the National Board cannot do more ; but when we recur to the remark just quoted about human nature and the National Board, I think we shall find where the difficulty arises.

As to formal examination of Agency Registers, the course of the Committee has been, under the authority of the Board, to make examination of all the Agency books in the locality visited ; while but one Agency probably only had suspicions of bad faith attached to it, yet to avoid any invidious inquiry, the books of all Agents were opened to an examination. The object in this was a wise one, but we find it could justly have its exceptions ; and it might be well to limit it to those cases which had been under trial by the Local Board, and where further investigation was needed to elicit certain facts not in the possession of the Board. And as to the punishment or discipline which should be meted on proved cases of bad practice, experience of three years shows it to be as wise now as then, to take the judgment upon such from the Local Board, composed, as it is, of the competitors, perhaps the antagonists of the accused, and for obvious reasons. There remains, therefore, but one source whence judgment can proceed, and that is the Executive Committee as the representative of all the Companies ; but upon whom such judgment shall fall, considering its source, may reasonably be a question, as perhaps the Companies themselves should be answerable to this judgment for the ill-doings of their Agents, and they can, if the Agent has been entirely at fault, proceed in their own manner to render him amenable to their admonition or otherwise ; thus placing upon the Companies themselves the responsibility of seeing to the correctness of their Agents' work, in which perhaps he may have exhibited carelessness and perhaps intentional wrong-doing, owing to the want of prompt and efficient watchfulness on the part of his Company—a watchfulness which, so far from being hurtful to their Agency interests, is not only beneficial thereto, but is welcomed by the good Agent as a help to him.

CONCLUSION.

I have detained you thus long with the expression of those thoughts on the main subjects of your administration which have been evolved from my observation of your performance of your trust. If in the execution of your administration, I have come short of your desires, or have been insensible of the responsibility of the work you have committed to me, I can give you the assurance that I have sought only with earnestness and sincerity to perform those duties which my office involves. And these principles which I have endeavored to make my guides, form my motives for now presenting to you these remarks and suggestions. I would be faithless to the trust you have reposed in me, did I not offer these to you ; and it would evidence a want of faithful observation of the whole field had I not sought for and noted those points of fundamental importance, the consideration of which, I trust, will aid you in reaching the results which you have in view. Statis-

tics of experience, and results of business, can well be left to other and abler hands ; but from the watch-tower of our office we gather information, and can propose plans, the formulation of which may serve to promote our unity and extend our operations, thereby confirming and preserving the lessons which statistics and experience are from year to year giving us.

One lesson we have learned, and that is found in the recognition by all of us, that the principles of the Board are still as single and valuable as they were in the outstart, and their maintenance as imperative as then ; and that they are too vital to the true existence of our Companies, to permit any one individual to stand in the way of their due performance, should he be found to lack apprehension or ability in the performance of the duties committed to him in carrying them out.

I cannot close without expressing my thanks to you, Mr. Chairman, for all your considerateness and assistance you have rendered me for now the third twelvemonth of our official association, and to the members of the Committee for the confidence and patience they have displayed to me in my performance of duty ; and to the President of the Board allow me to add also my thanks for his continued counsel and courtesy, and for his unwearied example of duty and interest in all that concerns the welfare of the National Board.

Very respectfully,

THOMAS H. MONTGOMERY,

General Agent National Board.

REPORT OF ASSISTANT GENERAL AGENT FORD.

THOMAS H. MONTGOMERY, ESQ.,

General Agent National Board.

DEAR SIR :

I have pleasure in submitting herewith report giving some of the details of the duties performed during the year just closed, and more particularly pertaining to such field and special duties as have been committed to my care. The office duties performed, coming as they do under your own personal supervision and oversight, need not be mentioned in this report in detail. Suffice it to say that at the May meeting of our Executive Committee they honored me with the appointment of Assistant General Agent, and assigned me to duty at the West, with headquarters at Chicago, and I at once entered upon the duties of such office.

COMMITTEE OF CO-OPERATION.

It seemed to be the views of the members of our Executive Committee that the duties of my office could better be performed in Chicago, in conjunction with our Committee of Co-operation, thus giving prompt attention to all demands upon us for such needed changes in ratings and other detailed matter as should come before us. With this view, our Committee of Co-operation was reorganized, and a suitable office secured in which to conduct the business. Mr. A. T. Allen was elected Secretary of said Com-

mittee, and entered at once upon the duties of his office. As my personal matters were in such shape that I could not permanently locate in Chicago at that time, and there seemed to be some doubt on the part of a portion at least of our Executive Committee of the necessity of such removal from the head office in New York, arrangements were made to have all correspondence for that department, and pertaining to Western matters, addressed to the Committee of Co-operation, and Secretary Allen was placed in charge of the office. I spent considerable time there, and attending to other duties in the West, and have attended most of the meetings of the Committee of Co-operation until within a few months past, when absent in the South. I have not ceased, however, to give particular attention to matters in the West as far as I have, in connection with other duties, been able to do so; and have, by retaining my location in your office, been enabled to give attention to many other sections of the country, and render such aid as has been in my power in determining questions of rating and other matters covering the whole field. It has seemed to me that by being located here my labors can be made much more efficient than they could possibly be were I so far distant from the head office. In the meantime, the details of the Chicago office have been carried forward under the direction of Secretary Allen, and much labor performed, to the satisfaction of all interested. Our Committee of Co-operation have given attention to a vast number of applications for changes in ratings on account of increased water facilities and otherwise, and we can all bear testimony to the zeal and efficiency with which the work has been performed.

CENTRAL AUXILIARY.

In July I attended the annual meeting of the Central Auxiliary at Toledo, at which there was quite a full representation of our Companies through their field force. If it served in any way to bring about a better understanding on the part of the field force of the means being employed to carry on our work, and thus aided in securing their more hearty co-operation and sympathy, it will have accomplished a worthy object, and more than compensated for the time and expense involved.

PLACES VISITED.

I have visited, during the year, the following cities and towns on matters of rates, discipline, and in connection with our general interests, viz.: Buffalo, four times; Albany; Rochester, twice; Hudson; Poughkeepsie; Newburgh, twice; Port Jervis; Cincinnati, twice; Toledo, twice; St. Louis, twice; Chicago, six times; Milwaukee, three times; Detroit; Washington, D. C.; Philadelphia, twice; Providence, R. I.; Hartford; Norwich, Ct., twice; Erie, Pa.; Louisville, Ky.; Atlanta, Ga., twice; Augusta, Macon, and Savannah, Ga.; Jacksonville and Pensacola, Fla.; Charleston, S. C.; Montgomery and Mobile, Ala.; New Orleans; Wilmington, N. C.; Norfolk and Richmond, Va.

It will thus be seen that the thirty-three points visited, some of which were visited several times, are situate in eighteen different States, and many

MINUTES OF A MEETING

OF THE

EXECUTIVE COMMITTEE

OF THE

NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE OFFICE OF THE FRANKLIN FIRE INSURANCE COMPANY,
PHILADELPHIA, WEDNESDAY, JUNE 14, 1876.

THE CHAIRMAN called the meeting to order at 11 o'clock A. M.

The following named gentlemen were present at roll call: The Chairman, Mr. Geo. T. Hope, and Messrs. Alfred G. Baker, D. R. Smith, D. A. Heald, M. Bennett, Jr., B. Lockwood, J. W. Murray, J. B. Hall, Geo. T. Cram, L. J. Hendee, and W. G. Crowell. *Ex-officio*: Messrs. Geo. L. Chase, Chas. Platt, E. Alliger, and J. S. Parish. *Honorary*: Henry A. Oakley. *Advisory*: The Atlantic, of Brooklyn, by Mr. John D. Cocks, and Equitable, of Providence, by Mr. F. W. Arnold.

On motion, the minutes of the meetings of April 28th and May 11th and 12th, were approved, subject to such corrections as might be found necessary, after inspection of proofs by members.

The GENERAL AGENT presented the regrets of Messrs. E. W. Crowell, of the Scottish Commercial, and J. W. Davenport, of the Roger Williams, for their necessary absence.

On motion, the courtesy of the floor was extended, for the session, to the officers of the Franklin Fire Insurance Company, the Insurance Company of North America, and the Pennsylvania Fire Insurance Company, of Philadelphia.

The GENERAL AGENT then made the following Report :

MR. CHAIRMAN AND GENTLEMEN

OF THE EXECUTIVE COMMITTEE :

The most interesting feature of the operations of the Board to which I can direct your attention is the working of the Sub-Committee plan, and as two new Committees were formed at your last meeting, the consideration of this mode of work would properly engage your attention at the outset of this meeting. As the proceedings of the meetings of these different Committees are printed for the information of the members of the Executive Committee, the work accomplished by them is already before you, and doubtless has had your individual consideration. Such of it needing your attention will come to your notice in detail in the order of proceedings.

The Ohio Provisional Committee have undertaken their duties by giving personal attention in the field to local difficulties, and the report of their Sub-Committees, on different points, are very interesting, and with your sanction I propose to put such in print where several Companies are interested for their information and, I may add, instruction ; for I believe many of our members are led to an opinion in Local Agency matters from want of full knowledge of the situation, and if they can have these reports now referred to before them, submitted as they are by their associates, good practice and harmony in many a scattered Local Board will be secured and maintained. Objection may be made by some whose Agents are now found obstructive and perhaps recalcitrant, to the seeming exposure which such printing may give to a state of affairs which, had they previously proper knowledge of, they would not have suffered to exist, and the possible misconception by their associates of their attitude ; but when we reflect that a full knowledge of the case at issue was at any time within their reach by proper search, their objection to such printing would not hold.

In this connection I will say that where the submission of such reports fails of a proper cure for the alleged difficulties, your Committees should then seek a conference on the spot of the Companies interested. We have found that where correspondence with individual Companies has failed, owing principally to its being of individual application and attention, that the only recourse left is to bring together in the troubled locality as many representatives of the Companies as practicable, for a face-to-face conference is the most direct, and its influences the most lasting as a general rule.

Mr. W. E. Lewis declines the appointment on the Committee of Cooperation "owing to a change (about to be made) whereby he takes charge of the losses in the West, of the Company with which he is connected, rendering it impossible for him to serve."

The matter of the expenses of the members of these Committees in attendance on the various duties thus committed to them is understood to be allowed as heretofore, though from the wording of a resolution at the last Annual Meeting, appropriations for the purposes of any rating might

be questioned. But your interpretation of the matter will set the question at rest.

It gives us pleasure to present a letter from President Clarke, of the Meriden Insurance Company, asking the withdrawal of the resignation of his Company from membership in the Board, tendered under date of April 12th last.

The position of the Royal Insurance Company in Ohio is one which your Provisional Committee in that State has to decide for itself, as its **Managers** also are connected with the General Agency of a prominent non-Board Company. There **seems no** reason why the same course should not be observed with these gentlemen as was pursued with other General Agencies, holding, it was supposed, a like attitude with non-Board interests, as was referred to at your last meeting. In the cases then cited, we inaugurated, immediately upon your adjournment, the plan of preparing a joint letter to the accused parties, to be signed by all the Companies interested, and the results were in each case significant. In one case the Franklin, Connecticut, Liverpool, London and Globe and Manhattan joined; in another, the Home, German-American, Niagara and Queen; and in another, the Phenix and the Franklin. This plan secures united instructions, and spares the Companies the danger of sending differently worded letters; and all signatures being attached to the one communication, the Agency in view is reached at the same moment by all, and in the most effective manner. Many difficulties, leading to misunderstandings, have crept into our operations from the lack of uniform and simultaneous instructions by our Companies to their Agents, which it is impossible to secure if left to their individual action, owing not only to their varying distances by post from the Agency in question, but as well also to their different modes of communicating with their Agencies; and our present plan is full of promise for a settlement of many a Local Agency trouble which former plans have failed to secure in any definite plan.

The Associated Board of Carbuiretter Companies, present a communication under date of May 9th, ult., advising us they have appointed "a committee to wait upon and confer with you, they being desirous of prosecuting business at once in conformity with some plan and under some stipulations that you may devise, asking your prompt action in the premises, so they may have at once the desired conference."

The question of a reduction in postage rates upon printed matter which engaged the notice of many of our Companies at your last meeting, resulting in a petition being presented to Congress on the matter, has not yet been met by Congress; but it is believed that a personal presentation of the case to the House Post Office Committee will have a beneficial effect. Our own experience in this matter is of so much value, that I feel you cannot be too urgent in asking some modification of the present inequitable and uneven charges called for by the Postal Law. When I state that we can dispatch copies of the President's Address to the leading Local Agencies of the country by express package at about one-third the cost of postage, it will be seen that our members have a common as well as an individual interest in some change.

The Norfolk Board, holding weekly meetings, ask for a compensation by their Secretary under the name of salary, to the amount of \$100 per annum. There are many good reasons why this should be granted.

A member submits for your consideration a modification of the charge for the sale of fireworks where unbroken packages are only disposed of.

On motion, the Report was accepted, and ordered printed in the minutes.

PENNSYLVANIA TERM RISKS: Mr. BAKER, from the Pennsylvania Provisional Committee, reported the recommendation of that Committee as expressed in the following resolution :

Resolved, That the Pennsylvania Term rule of two and a half annual premiums for three years' risks, and four annual premiums for five years' risks be, and is hereby, re-affirmed for all risks in the State of Pennsylvania, rated either in local tariffs or under the State minimum.

On motion, the resolution was adopted, and ordered promulgated.

OHIO AND WEST VIRGINIA PROVISIONAL COMMITTEE.—The reports of this Committee on Dayton, Fremont, Oberlin, Elyria, Piqua, Salem, Sandusky, and Springfield were presented. On motion the reports were ordered to be presented in slip form, and furnished to the Board Companies represented at the said places, requesting their immediate attention to their respective agencies whenever any action is desirable or necessary.

EXPENSES OF RATING.—The second resolution on the subject of Local Board expenses, as recorded on page 234 of the National Board Proceedings, was amended, to read as follows :

Resolved, That to prevent any misunderstanding, and in order to save correspondence, no bills of members of Local Boards, for time spent in rating or in attendance on meetings of Local Boards, will be allowed.

ADVISORY COMMITTEE.—The General Agent drew, in the presence of the Committee, the Advisory Committee for July, as follows :

NORTH AMERICAN, of Boston.

LIVERPOOL, LONDON, and GLOBE, of New York.

MERIDEN of Connecticut.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE COMMITTEE ROOMS, 156 BROADWAY, NEW YORK,
JULY 27 AND 28, 1876.

THURSDAY, *July 27.*

THE CHAIRMAN called the meeting to order at 11 o'clock A. M. pursuant to notice.

The following gentlemen were present: Chairman Hope, and Messrs. Alfred G. Baker, D. A. Heald, M. Bennett, Jr., B. Lockwood, J. W. Murray, J. B. Hall, Geo. T. Cram, and W. B. Clark, (in place of Mr. Hendee). *Ex-officio*: Messrs. Geo. L. Chase, President, E. Alliger, Secretary, and J. S. Parish, Treasurer. *Honorary*: Mr. Henry A. Oakley. *Advisory Committee*: North American, Boston, by Albert Bowker, President; Meriden of Connecticut, by L. W. Clarke, President; and Hoffman of New York, by M. F. Hodges, President; General Agent Montgomery, and Assistant General Agent Ford, were also in attendance.

On motion, Mr. W. B. Clark, was accepted as the representative of Mr. Hendee.

The minutes of the meeting of June 14, being in print before members, their reading was, on motion, dispensed with.

The GENERAL AGENT then made the following report, which was accepted, and ordered printed in the minutes.

MR. CHAIRMAN

AND GENTLEMEN OF THE EXECUTIVE COMMITTEE:

It is a subject of thankfulness that the recent very general observance of the Centennial of our National Independence passed off with so little destruction to property by the display of fireworks; indeed, contrary to all expectation, the damage to insurable property averaged considerably less than in ordinary years. This happy consequence was due, in the main, to the active steps taken by you to confer with the various town authorities throughout the country, in advising them of the importance of earnest watchfulness and the prevention of the use of all dangerous displays of fireworks, and the establishment of efficient means to extinguish any incipient fires arising therefrom. We obtained the names of eight hundred and thirteen Mayors, or Burgesses, or other local officers, and addressed them by a signed circular, the substance of which was also published to the community generally through the Associated Press despatches; and we have reason to believe that a large number of municipal bodies took their measures of prevention from your timely suggestions. Our present rule omits Chinese fire-crackers from any charge for their sale, and inasmuch as this little explosive has been the source of as much damage as any other firework, it would seem to be fitting for the National Board at their ensuing meeting to omit from their rule such exception, thus leaving them to the same charge as all other fireworks.

A fundamental rule of the National Board requires our Companies to be connected with all Local Boards in whose territories they may have their business extended. The rule was formulated under the belief that all Local Boards would themselves be in harmony with and indeed amenable to the supervising action of your Committee, and, consequently, it afforded no provision for the guidance of our Companies in such localities where the Boards, from custom or age, declined to put themselves under the advice of your Committee. But circumstances have arisen which seem to call from you some expression of opinion as a guide to your associates in such cases where, for reasons affecting their own interests, they do not feel prepared to place themselves in connection with those few Boards where such exemption may prevail. It seems contrary to equity to obligate our Companies to join any Local Board which ignores the governing veto of the body which makes the rule calling for such obligation, and thus to subject themselves, perhaps, to rules prejudicial to their interests, and from which by so joining such Local Board, they relinquish all right of appeal to the National Board. We have within the past twelvemonth lost some members for the reason alone that they found certain rulings of the New York Board were, in their view, injurious to their interests, and yet our rule requiring their continued connection with that Board compelled them, under the circumstances, to sever

their connection with the National Board. Thus, also, is it in the case of the New Orleans Board of Fire Underwriters, but there some few of our Companies have steadfastly declined to join the organization; and contrasting the two instances, we find that while in the one case we have not enforced our rule, in the other we have done so at the cost of some valuable memberships. It seems, therefore, only proper, in all such cases, where a Local Board is not placed under your supervision or advice, that our members be relieved from the obligation of joining such, and the matter be left to their individual judgment and action, subject to the decision of your Committee upon the merits of the particular case presented; and unless your direction is renewed to enforce the rule now under consideration, we shall feel it only due to our membership to refrain from advising with any of our Companies who may feel compelled to withhold their membership in such Local Boards as are here described.

A suggestion at your last meeting to furnish the printed slips of the Provisional Committees' Proceedings to our Companies generally was not concurred in, for the reason that occasionally there might be contained therein, matters referred to the full Committee for their definite action, until which was had it would be inexpedient to make such distribution of them. This opens the consideration of a matter akin to this, and that is the promulgation of the definite action of these various Committees in the matter of local ratings, which are now sent only to officers or managers of Companies, and to the Local Boards in interest. Many of the State and Special Agents are desirous of being informed by us direct of such action, and while we desire to meet the views of such of those gentlemen who take this interest in the matter, we have not felt prepared to promise to send such to all the gentlemen in the field, for the reason that our Companies generally do not keep us advised of the recurring changes in their Field force, nor of the particular territory covered by their representatives. To obviate the difficulty which this lack of full information causes, we have always been prepared to supply any of our Companies, upon call, with any number of circulars or rate slips for information of their Field or Local force; and, further, there would seem a propriety in their receiving their needed information direct from their Companies, who must remain the better judges than we of what particular local information that may be published it is necessary to impart to their representatives. All matters of general import are promptly mailed to the State and Special Agents, of whose addresses we endeavor to preserve an accurate list; but matters of local import merely, we could not guarantee in all cases reaching the Special Agent most in interest; and to send to a few, and not to all, would not seem either desirable or expedient.

The subject of open policies on cotton risks has recently engaged the attention of many of our members, and the desire has been expressed that some action be taken by you looking to a definite rule whereby Companies can unitedly call for a definite period beyond which they may not extend; for as it is now, they in many cases appear to be kept open for indefinite periods at the convenience of the assured, when there seems no

greater reason to grant indulgence on this class of risk than on others. In this connection we have a notice from one of our members, that his attention is now first directed to your action of September 18, 1873, asking Companies "to instruct their Agents in lake ports that all entries under open policies must be closed at the end of the month in which the risk is written," and that the practice of his Company, in this direction, is of such a long-continued and valuable nature that he cannot make it conform thereto, although the alternative may be presented to him of forfeiting his membership in the Board.

The Agents in Buffalo appeal for your exercise of such discretion in their affairs as will relieve them from their present difficulties. We have suggested to them that you could approach a consideration of proper measures, looking to this end, much better had you their views before you, and they have been solicited to submit any suggestions they might have to make in this direction.

One of the Agents in that city who was fined by your action of October, 1874, now asks, through his attorneys, a return, with interest, of the amount of his fine.

The request of Major Moses to our Companies interested in Georgia, to compensate him for his services in the defeat of the proposed Deposit Bill has been before the officers of the Board for several months, and the only way to reach united action in the premises seemed to be a recommendation that those Companies in interest, who were prepared to contribute thereto, should ratably contribute, and this the New York Provisional Committee did at their meeting of the 17th; the responses thus far indicate that those Companies will avail themselves of the channel of this office to reach a common conclusion in the matter. The matter of the defeat of this proposed bill is more particularly referred to by the Committee on Legislation and Taxation in their last Annual Report.

The regular order of business was then taken up.

OHIO GENERAL AGENCY OF THE ROYAL INSURANCE CO.—The General Agent presented correspondence had with the companies represented by the said agency, pursuant to resolution adopted at the June meeting of the Committee, (page 296).

On motion, the matter was referred back to the General Agent, for further correspondence and report.

HOFFMAN INSURANCE COMPANY.—Referring to the resolution of the Committee, adopted at the meeting of February 25, President Hodges stated, that his present Philadelphia Agent, Mr. Louis Wagner, was a member of the Local Board of that city.

ROGER WILLIAMS INSURANCE COMPANY OF PROVIDENCE.—The General Agent reported on certain matters with reference to that Company, and on motion, the following resolutions were adopted:

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,
HELD AT THE COMMITTEE ROOMS, 156 BROADWAY, NEW YORK,
OCTOBER 18TH AND 19TH, 1876.

WEDNESDAY, October 18th.

The meeting was called to order at 11 A. M., pursuant to notice.

The roll was then called by the Secretary, when the following named gentlemen were found to be present: Messrs. Hope, Smith, Heald, Bennett, Lockwood, Murray, Hall, W. B. Clark (in place Mr. Hendee), and Crowell. *Ex-officio*: President Chase, Vice-President Platt, Secretary Alliger, Treasurer Parish, and Ex-President Oakley. *Advisory*: S. C. Preston, of the Orient; M. Howard, of the National, of Hartford; and W. H. Ross, of the Queen. Mr. G. F. Bissell, delegate from the Committee of Co-operation, General Agent Montgomery, and Assistant-General Agent Ford were also in attendance.

The minutes of the last meeting were read and approved.

Letters were presented from members Alfred G. Baker and Geo. T. Cram, explanatory of their necessary absence.

Letters were also submitted from the Savannah Benevolent Association, Major Mims, and the Savannah Local Board, acknowledging the receipt of the contributions from the members of the National Board in aid of the Savannah sufferers from the yellow fever.

The General Agent then made the following report:

MR. CHAIRMAN AND GENTLEMEN
OF THE EXECUTIVE COMMITTEE:

The matters now presented for your consideration at this meeting are, many of them, of peculiar importance, and will demand your undivided attention. Their arrangement in the Order of Proceedings is subject to your alteration, and any one matter can be taken up according to its importance, but in so doing we must not lose sight of the importance of considering them *all* before adjournment.

The action of the National Board on the Savannah epidemic has been acknowledged with gratitude by the local authorities, and their letters are presented herewith. Inasmuch as many of our Companies had responded to the claims of that stricken city through their own Local Committees, we had only the contribution of \$141 to forward, which was raised at the meeting before its adjournment among the few members then remaining. We have also been the channel for forwarding a contribution of \$85.50, raised among the members of the Northwest Association at their recent meeting in Chicago.

Your action of the 22d ult., referring to the Committee of Co-operation for their consideration certain matters connected with some classes of the State Minimums of sundry Western States, was conveyed to them, and on the 6th inst. they took action thereon, recommending certain changes in the Dwelling Minimums in Indiana, Illinois, Michigan, Wisconsin, Iowa, Minnesota, Missouri, Kansas and Nebraska. These were received at this office on the 9th inst., and, agreeably to the authority covered by your resolution of the 22d, was that evening slipped to Companies and their Managers simultaneously. The Committee did not take action on rates on Brick and Stone Stores and their Contents, as it was their opinion, after a very thorough interchange of views with a large number of Western officers and others, that any general change in the minimums of the tariffs now in force would be inexpedient and impracticable at the present time, but that special action should be taken to correct the local tariffs at points where, from any cause, changes should be made; and in order that the advantages thus sought might not be unduly delayed, the Committee announce that they have taken the necessary steps to secure a speedy and intelligent revision of the rates on the class of risks now referred to in Indiana, Michigan, Illinois, Wisconsin, Minnesota, Iowa, Kentucky, Missouri, Kansas and Nebraska.

The Committee make a special request, in view of the near approach of the fall business, and the importance of having the official report of changes in the hands of Agents without unnecessary delay, that Secretary Allen be authorized, as heretofore, to communicate to Local Boards any changes made, the same day they are forwarded to this office for promulgation to Companies and Managers. To this request we replied, immediately on its receipt, recognizing the importance of avoiding any possible delay in such a proper request, that your action of December 18, 1874 (page 339, Proceedings), covered the matter, as they were like "cases of emergency" with those then referred to, and it is trusted this course will meet your approval.

I cannot refrain from adding here our view of the importance of the work the Committee has in hand, and of how much value to their arduous ministrations would be some increase of their field force. By your affording them this supplemental help, our common interests would be materially benefitted, and it would prove only a measure of wise economy.

The rule on Deviations adopted by the Board at its late meeting may need some special notice at your hands, and this office is prepared to receive and carry out your instructions in the premises. We have a system of pursuing any information regarding deviations by Companies or Local Agents from rates or rules, which would be more effective did Companies put promptly in train their measures to arrest any fault they or their Agents may have been led into. Should the present decided notice of the Board lead to more urgency in the matter, much good would be accomplished. It must here be recorded that a large majority of cases which reach our notice, formally and otherwise, have proved susceptible of explanation, and Companies who can thus satisfactorily explain such matters, do not receive with favor the implied accusations which it is our duty to place before them, and perhaps from that cause delay prompt inquiries in the alleged cases. Much is quoted against the good faith of our members which has no existence beyond the imagination of the local gossip, and the greater part of the remaining portion is susceptible of full explanation. But it takes time from due correspondence to reach all the facts of the case, and until the facts in the denial reach our correspondent, the belief is often cherished that some intentional error has been committed.

In this connection, I would ask you to place on record your disapproval of any official concessions of rate on policies that have been issued below tariff rate by Local Agents until such policies have been duly corrected. Instances have occurred, it is alleged, where some action has been subsequently had in such policies which practically condones the offence. This should not occur; and an expression of your opinion at this time would strengthen the hands of this office when asking for the correction of such policies. Some instances have recently occurred where Board Agents have done great injustice to other Board Agents, and the one who has succeeded in procuring the policy at this advantage, puts in a plea of some peculiar merit in hazard or some expected Local Board action in favor of his course, when the fact was a simple one that had all the Agents kept together in the matter no one would have been the loser, and the Companies who had been deceived would not have afforded us the occasion to address them on the matter.

On the subject of Discipline, or as the term is, *Fines upon Agents*, your Committee is called at this time to consider some method by which more uniformity and practicability can be had in its administration. My own views as to the Board putting upon the Executive Committee the onerous duty of disciplining the local representatives of its members, when the question reasonably arises that such action should be left to the administration of the Companies whose Agents are thus charged, remain unchanged. In the system of fining, the Agent, thus far, has been apt to consider that

the punishment covers all reported sins, and neglects, in consequence, the correction or cancellation of his policies which he has misused, and the Companies, likewise, often lose sight of this which is the more important of the two, for it is a well-recognized fact that an Agent dislikes more to correct his policies than to pay any fine you may impose.

The action of the Board on the 20th ult., relative to the Royal Insurance Company, of Liverpool, was communicated under date of the 22d to Manager McLaren, by the President and Secretary, and subsequently the President was in receipt of a letter from the Manager in response to his communication of August 7. Copies of this correspondence, and that previously held with Mr. Beddall, Special Agent of the Royal, are now submitted to you. On the 11th inst., we were in receipt of a cablegram from the British offices doing business in this country, making sundry suggestions in regard to the Board action, and the same is now before you.

The Agency firm in Lawrence, Mass., the payment of whose fine, imposed April 25th, last, had not been consummated at your last meeting, paid the amount of the same in full and unconditionally on the 28th ult. The Agency write us they thereupon applied for admission to the Local Board, but have received no notice of any action by it favorable thereon; and we are now in receipt of a communication from the Local Board, setting forth their reasons for not at once responding to such application.

The Buffalo Local Board interpreted your action at last meeting in the reduction of its current expenses to imply a change in the officers of the Board, inasmuch as the Secretary, it was represented, declined to accept the reduced figures named, and they declared a vacancy existed in the office, and elected another gentleman. The New York Provisional Committee, at its meeting of the 10th, took notice of this, and notified the Local Board they recognized no change in the office of Secretary, and that their action remained inoperative until duly advised of your action on the matter.

We have had not sufficient time since your last meeting to procure the views of our members interested in Southern business upon the proposition of a Southern Provisional or Co-operative Committee.

The Norfolk Local Board made representations to us of the course of a certain non-Board Company in its business in their neighborhood which is managed from Baltimore by a gentleman representing two of our members in that city. We have been in correspondence with the Companies referred to, and now bring the case to your notice, in accordance with the tenor of the last letter from the Board.

On motion, the report was received, and ordered printed in the minutes.

GLOVERSVILLE, N. Y.—The report of Special Agent Visscher, who had visited Gloversville to investigate matters in relation to the advance in rates at that place ordered by the Executive Committee at its meeting of September 19, was received. On motion,

On motion, the whole subject was left in the hands of the Special Committee appointed at the last meeting, with the request that they report at the next meeting of this Committee.

NATIONAL BOARD MATTERS.—The general discussion on Board affairs was then resumed, and the following resolution was adopted :

Resolved, That the General Agent prepare a circular to be sent to National Board Companies, advising them that this Committee has had the present condition of Board affairs under consideration; that, in view of all the facts, they see no occasion to distrust the ability of the Board to meet every exigency, and they therefore expect Companies to adhere strictly to all of the rules and rates of the Board, steps having been taken which will protect the interests of Board Companies in emergencies as they arise.

Mr. A. F. WILLMARTH, of the Home Insurance Company, entered, and was invited to remain.

After further consideration of the subject under discussion, the following resolutions were unanimously adopted, and directed to be sent at once to all members.

Resolved, That the Provisional and Co-operative Committees in their several districts be empowered, in the intervals between Executive Committee meetings, to take such action in protection of the interests of Board Companies against competing non-Board Companies as may be necessary for the immediate preservation of their interests; such action to be reported to the Executive Committee at its next meeting.

Resolved, That in cases not coming under the above resolution, the General Agent, with the concurrence of the President or Chairman of the Executive Committee, be empowered to take like action.

The following dispatch from the British Offices was then read, in response to the Committee's cablegram of yesterday:

LIVERPOOL, 15th November, 1876.

To National Board of Underwriters, New York :

Received cablegram. North British have cabled their New York office for information. Hope to send Offices reply to-morrow or Saturday.

The Committee then adjourned, to meet on call of the Chairman.

GEO. T. HOPE,

Chairman.

HENRY K. MILLER,

Secretary.

MINUTES OF A MEETING
OF THE
EXECUTIVE COMMITTEE
OF THE
NATIONAL BOARD OF FIRE UNDERWRITERS,

HELD AT THE COMMITTEE'S ROOMS, 156 BROADWAY, NEW YORK,
DECEMBER 7 AND 8, 1876.

THURSDAY, *December 7, 1876.*

The Committee met pursuant to notice, and were called to order by the Chairman.

There were present at roll-call, Chairman Hope, and Messrs. McAllister (in place of Mr. Baker), Smith, Heald, Bennett, Lockwood, Murray, Hall and Cram. *Ex-officio*: Vice-President Platt, Secretary Alliger, and Treasurer Parish. *Advisory Committee*: Equitable, of Nashville, by J. D. Anderson, Secretary; and Commerce, of Albany, by G. A. Van Allen, Vice-President. Mr. Eugene Cary, delegate from the Committee of Co-operation, General Agent Montgomery, and Assistant General Agent Ford were also in attendance.

On motion, the reading of the minutes was dispensed with, they being in proof before members.

The General Agent then made the following report:

Mr. Chairman and Gentlemen of the Executive Committee:

The controversy which has been imposed upon us by certain Companies, one of whom declines formally to join the Board, and the other resigns its membership, has attracted wide and extended attention throughout the country, and the secular press has testified to the general interest in the matter by frequent allusion to it, and the insurance press has not monopolized its discussion. The resignation of the North British and Mercantile Insurance Company, which at your last meeting was laid on the table, has been much commented on. The effects of such a departure from our membership

were deprecated, and its influences were expected to work much mischief to our common cause. Your Committee, therefore, at the last meeting, took measures equally wise and active to prepare for any local emergency that might ensue. But the serious dangers that were apprehended to the interests of Board members have not been encountered so far as we know; and we can testify from our standpoint that in but very few localities have any real difficulties arisen. One effect of this wide controversy, equally happy and surprising, has been the firm stand taken by the majority of Agents in defence of the common interests of themselves and their Companies. They have fairly and fully faced the evils of a general suspension of rates, and recognize that such would work to them an unmixed evil. Much as had been the complaint as to rigidity of Board rules and rates in various localities, and many as have been the sighs for relief from them, the Local Agent now testifies his recognition of a personal interest in the situation by doing what he can to uphold uniform action in ratings, and he feels that, harmful as the competition of outsiders is proving, his business would be far more in jeopardy were there to be added to this competition that of all the Board Companies operating in his locality. The Companies themselves are alike sensible also that a suspension of rates does not signify merely a general competition between themselves, but that it means, in reality, a lively competition among the nine thousand Agents representing them over an extended territory. The emergency likewise has obliged their officers to scrutinize closely not only the modes of doing their business, but as well the experience, individual and general, of the Companies, and also the rates upon which they are sending their policies into market. From the present outlook it may be safely predicated that the end of this year will show the average rate of premium of our Companies to be lower than that since the year 1871, and if this should prove the case, then their stockholders must look for their dividends to be almost mainly supplied from their invested funds and not from their business. It is well to look this in the face, for it may become too weighty a matter to many of our Companies to continue holding business at rates which are knowingly below cost. And it may be also well to consider whether, when local tariffs have once touched bottom, we would not be more just to ourselves to stand there firmly rather than carry insurances for which a commensurate price cannot be secured. The statistics to the Albany Department at the end of the year will certify to many valuable points in this direction, and we can afford to take note of them in season, and not at this juncture be in haste, for mere competition, to lower our prices generally. The truth is that in many localities the tariffs have touched such figures as to take from our old and new competitors any hopes of a healthy livelihood, and we can well afford to stand aside and see them reap their due harvests from their practices.

Since your last meeting no further communications have been received from or on behalf of the Royal Insurance Company. The British offices have since then been in receipt of copies of all the correspondence had upon the matter, and in affirmation of the cablegrams had on the occasion

of your last meeting we are in receipt from Mr. Dove, Secretary of the meetings of the British Offices, of his letter of November 18, which is now submitted to you, together with one of November 9, received a few days after the last cablegrams. This last was responded to by me on the 21st ult. ; and I took occasion to enclose copies of the correspondence had with the American representatives of the Royal Insurance Company growing out of your October action.

It would be interesting to place on record all of the correspondence on this important subject, as the chapter in the history of the Board which it forms is a valuable and interesting one. A history of the controversy is, in fact, contained in the letter of the officers of the Board of October 19 last to the British Offices—at least up to that date, and which was written in response to their cablegram of the 11th of that month. The interest manifested on the matter by the Managers of these Companies entitled them to a succinct account of the controversy, and the officers in that letter gave it as briefly as the various facts would permit. This letter, we have reason to think, gave to our friends on the other side some new and practical views of the situation, and we should be grateful to their courteous intervention, which enabled the Board to submit such a statement to them. Upon the receipt of this letter the British Offices held another meeting, at which it would seem that Manager McLaren, of the Royal, was present, and upon presentation of the facts as there contained, “ Mr. McLaren stated that his Board had left the settlement of the difficulty between the Royal and the National Board in the hands of the Royal representatives in the United States ;” whereupon the various Offices united in another cablegram to the Board, being that of the 4th ult., renewing their urgent request for some settlement by “ endeavoring to come to such arrangements with the Royal’s representatives as would secure that Company’s co-operation with the Board.” This was, in fact, the affirmation of their cablegram of 11th October, in which, it may be recalled, the British Offices “ recommended that the Board appoint a sub-committee to consider with the representatives of the Royal in the United States, for the purpose of overcoming the difficulties that have arisen.”

In conformity with this earlier cablegram, there was appointed as such Sub-Committee, two gentlemen who were the highest officers of the Board, who, the day after the adjournment of your October meeting, addressed a letter on the 20th to each of the eight District Agents of the Royal, conveying to those gentlemen the resolutions of that meeting “ adopted in response to the cablegram from the various British offices doing business in this country,” together with the action of the Board at its semi-annual meeting, “ inviting their attention thereto ;” and stating in conclusion they “ should be pleased to hear from them on the matters embodied in this action of the Board, and of the Committee, at their early convenience.” Of the eight gentlemen so addressed, but five responded, and these merely in the form of acknowledgment of the communication, without giving their views as thus respectfully solicited, some, however, stating that they would defer any expression of opinion until after the contemplated meeting in this city in

November, of all the Royal representatives. The response of Messrs. McDonald and Beddall, in addition, contained an inquiry as to whether, under the resolutions referred to, "it would be competent for one or more of their District Managers to join the Board if the others should decline to come in,—in other words, whether the Board would insist that *all* should be received or *none*." To this Messrs. Chase and Hope responded on the 31st October, (and their letter was handed Messrs. McDonald and Beddall the same day) stating they would "be glad to have all the Royal Managers become connected with the Board, and under the full right conceded to each to representation, with only the essential restriction that one Company shall have but one vote." And to this they added their understanding of Mr. McLaren's views on the subject, as expressed to the Board by letter, (June 26, 1875,) that such restriction "is not and ought not to be an objection."

The Royal representatives met, as referred to; on the 1st ultimo, and Messrs. Chase and Hope and the Executive Committee were in session throughout that day, and rested under the reasonable presumption that an opportunity would be afforded our representatives of conferring with the gentlemen thus meeting in this city, but such opportunity was not favored them, nor could they create such themselves. Of the decision of these gentlemen in the matter, your Committee were not informed until November 6, a decision couched in such terms as to seem to leave no mode by which a mutual consultation could be had between the two. This action was before you at your last meeting, and is duly recorded in your proceedings.

Referring again to the cablegram of November 4, it would appear that the British Offices at that time rested under the belief that the Board had not fully responded to their earnest requests, and hence they renewed their solicitation on that date by cablegram. Subsequently it appeared, and by most credible evidence, that they had at the time been made aware of Mr. McLaren's plan, which he had recommended to his American representatives to propose to the Board for a settlement of the matter. This plan, we are told, "was that each District Agent of the Royal should have the power of voting for his Company on all questions relating to the business of his District, and that the vote of the Company on general questions should be given by some one nominated for that purpose." But such plan was not communicated to the Board in any form, either officially or personally, and while the Board was in ignorance of Mr. McLaren's plan, which was in substance and degree only that which the Board itself had asked, the British Offices were consequently at a loss to comprehend why such a mode was not embraced by us to secure the entire affiliation of the Royal Insurance Company.

But by this time we feel assured that the British Offices will have received from their representatives in this country a full statement and proper understanding of this matter; and the enclosures in our letter of 21st ult., referred to above, will testify, without our direct reference to this plan, that all your efforts to secure a settlement were entirely in line with their timely

and valued suggestions. Indeed, their cablegram of the 14th ult. evidences that even by that date, they were having a clearer apprehension of the whole situation, and its kindly and appreciative tone was marked.

The acknowledgment of this last cablegram, sent on the 15th, made the surprising announcement to them of the resignation of the North British and Mercantile Insurance Company. This they responded to the next day, to the effect that the North British had cabled their New York office for information; and on the 18th responded more fully, the Lancashire Insurance Company this time again joining with their associates, and this cablegram is now submitted to you. In this they recommend that, "failing completion of satisfactory arrangements with the Royal and North British Insurance Companies, the Board should take measures to protect interests of the loyal Companies by suspension of tariffs where necessary." This was responded to on the 20th by the President and Secretary, by cabling the Resolutions of Relief adopted by you on the 16th, and adding their "belief that these will meet any exigency as it arises, and will fully protect the interests of all Board Companies." We have since learned with gratification that this response proved satisfactory to the British Offices. Mr. Dove's letter on behalf of these Companies, of the 18th, now submitted, states frankly and clearly their views, which led to the important recommendations conveyed by cable of that date.

In the order of proceedings before you will be found some topics of interest, and as they are called up I shall be prepared with some suggestions on each, and will not detain you here with reciting them. But I would ask your earnest consideration of matters pertaining to Legislation and Taxation, in view that during the coming month we should be placed in position to so give needed and helpful advice to the distant representatives of our Companies when some reform is sought in State taxation. Mr. Ford is prepared to devote a goodly portion of his time to this branch of duty the coming season, should you so see fit. And could we have before us some simple draft of an insurance law, when asked for something of the kind, we might frequently be in a position, by the timely suggestions such might embody, to bring about a radical reform in the supervision of insurance interests in some of our States.

On motion, the report was received, and ordered printed in the minutes.

Mr. HEALD suggested that the report of the Treasurer be heard, and that the Committee then go into a general discussion of Board affairs.

On motion, it was so ordered.

The Treasurer, Mr. J. S. PARISH, then made his statement, which was received, and ordered on file.

ANNUAL REPORT
OF
THOMAS H. MONTGOMERY,
GENERAL AGENT.

MR. CHAIRMAN AND GENTLEMEN

OF THE EXECUTIVE COMMITTEE:

It becomes my duty to present to you the results of the work of this office for the past year, which, however, need not be submitted to you in detail, as my monthly reports submitted from time to time, and printed with your proceedings, in effect supply this. As this is my Fifth Annual Report, however, I cannot but ask you to take a retrospect over the busy period covered by these five years, in the hope that therein we may derive some thoughts which may enable us to view more intelligently the present situation of affairs.

The measures you adopted in 1872, for the conservation of the business of our members, met with that fruition which sustained them through the trying period whose uncertainties befell them after the conflagrations of 1871 and 1872; and for three years the success of these measures appeared to prove their soundness. But it was not long after the Annual Meeting of the Board, in 1875, that our Companies began to realize the effects on their business of the continued depression in general business circles, and their diminishing premium receipts witnessed to the decrease in stocks generally, and the shrinkage on all values. Your proceedings, from the summer of 1875 onwards, will testify to these facts. But while the officers of Companies admitted in general the causes here recited for such a condition of business, it was now proved that the local Agents rather attributed the cause mainly to the competition of Companies not belonging to our Association, and, by a reasonable analogy, the very diminution of business, felt alike by Board and non-Board Companies, only increased the com-

petition for the remaining business, and brought into greater prominence the activity of the non-Board Companies.

While many Companies themselves eventually formed the conclusion that it was this competition which was materially affecting their business, any fair examination into the matter demonstrated that it had not the power attributed to it, and statistics, whether general or particular, soon showed that the non-Board Companies were not absorbing the business. However, the impression in the field remained that our difficulties lay there; and from the beginning of 1876 to the present time, the majority of our Companies have been willing to countenance falling rates, and the various Committees have very generally sanctioned reductions in rates when asked for by local Agents, in accordance with what they believed to be the sentiments of the Companies. That the dividends of our older Companies appeared to warrant some reductions in ratings was claimed by many; but when on examination it was found that on an average two-thirds of the sum of these dividends was the result of invested capital and assets, and only one-third was due to actual business, there was found but little reason for reduction on rates, apart from the fact that our younger members, without any accumulated assets, were, by so much, suffering from this authorized reduction in rates.

But there was another competition unrecognized by our members, and which was as insidious as it was potent, and which prevailed in many localities, *i. e.*, the competition between the Board Agents themselves, due largely to there being a larger number of Agents than the business of the places could provide for; and the localities wherein most of the dissension prevailed showed that this was really the root of the evil, and the worst opponents to uniform and conservative practice lay within the limits of the Local Board itself. A member would bid for a valuable business not on his books, claiming he could influence a reduction of rate, and in Board meeting the other Agents were fearful of opposing a reduction lest their action would be quoted against them. Many instances of this kind have occurred within the last fifteen months, where Local Boards have been authorized to send up recommendations for changes in rates as circumstances would warrant. I may cite an instance in a Western city where Local Board affairs have from the outset been fruitful of correspondence and annoyance and where the entire trouble has been due to the want of harmony among members: that non-Board influence had but little to do

with it may be judged from the fact, that Board business in 1876 fell off 14.67 from that of 1875, while non-Board business fell off 14.21. The whole business of the place in 1875, as reported by the Agencies for their tax returns, was \$123,694 ; that of 1876, \$105,769 ; and upon this business no less than fifteen Agencies, or Agency firms, (Board and non-Board,) were to get their support, being, at the usual commission rate, but a thousand dollars for each Agency.—An instance can be named of a Western town, where the business of the place is at most \$12,000 per annum, yet there are *twelve* Agencies who expect to get a living from it.

In the State of Ohio, where sundry Local Boards were upon appeal “empowered to take such action in protection of the interests of Board Companies against competing non-Board Companies as may be necessary to the immediate preservation of such interest,” this was only granted “with the *express understanding that no competition on Board rates between Board Companies will be permitted, but only for the immediate protection of their interests against non-Board competition;*” yet, notwithstanding this, it is well understood that at many of the localities thus favored, the door of competition being opened, some of the Board members recognized no difference between friend and foe.

The corollary to this is simple and easily to be apprehended of all. That an element of conservatism prevails in Local Boards generally is gladly admitted ; but the truth is that in nine cases out of ten it is in the minority, and is practically powerless ; and it is to organizations thus framed that the business of Companies has of late been relegated, and the results are apparent.

It was in order to prevent the ills attending this admitted difficulty in many Local Boards that your Committee, under instructions from the December meeting of the Board, formulated the following rule :

If any Company, either directly or through an agent, shall take a risk from any other Board Company by underbidding the tariff rate by rebate or otherwise, it shall be the duty of the Company so doing to restore such risk to such other Board Company by securing the substitution of its policy for the full amount, time and premium, in the hands of the insured, if that be practicable, or, otherwise to re-insure the risk with such other Board Company for the full amount and time, paying therefor the full Board rate without any abatement for commission ; and no commission shall be paid to the Agent so underbidding by the Company for which he took the risk.

It may be difficult at times to prove that any particular Agent has been deprived of a risk, but whenever it can be established the mode of correction is just and it can readily be made.

To recur again to the alleged force of non-Board competition. That the Companies not of us are employing diligently all means in their power to secure business is but to be expected, and it is only reasonable that their first onslaught at any place is received with favor, as they point to their freedom from combination, and appeal to a certain local sympathy on that ground ; but even with this weapon they do not sell their policies at our prices, and their diligence is at a greater expenditure than the service of our Companies costs. It has been widely believed that our tariffs of 1872 and later, have placed certain favorable classes of risks at too high a figure, and that hence we are letting such slide into non-Board Companies to our detriment ; in other words, they are absorbing the lower rated risks leaving us the less desirable. But a careful examination into figures shows a very different state of affairs. By a comparison of business for the years 1874, 1875 and 1876, of the ten American Board Companies foremost in premium receipts and the ten non-Board Companies alike foremost in premium receipts, we find that the percentage of rates shows that the Board Companies do not lose but retain the lower rated risks, viz.:

	1874	1875	1876
Board, rate per cent.	114	108	104
Non-Board, rate per cent.	125	122	114

which give for Board Companies a reduction of 10 cents, and for non-Board Companies a reduction of 11 cents in the three years.

But a curious result of this is, that while it is demonstrated that our members, in fact, retain the lowest rated risks, *i. e.*, what are classed as the best hazards, their percentage of loss, except for the year 1876, somewhat exceeds that of the same number of non-Board Companies, thus :

	1874	1875	1876
Board, per cent. of loss.	46.08	52.63	50.46
Non-Board, per cent. of loss.	45.37	45.72	52.32

showing that what are popularly known as the "best classes" may not be as remunerative as popular estimation makes them.

In the above, the point must be noted that while the ten Board Companies have not materially extended their business, one or

more of the ten non-Board Companies have largely been extending their Agency business, and thus not immediately reaching their average of losses; and their last year's experience shows that they are beginning to reap the fruits of their lack of uniform system in practice, as their increase in percentage of losses is quite marked.

Again, let us look at the aggregate business of these Companies respectively :

	1874	1875	1876
Board Cos., premiums. . . .	18,553,359	17,321,060	15,569,199
Non-Board Cos., premiums.	4,453,591	4,788,083	4,673,811

Showing that while the Board Companies named showed a decrease of 6.64 in 1875 over 1874, and the non-Board Companies named an increase of 7.51 in the same year (due to the causes just stated), yet it is seen that these non-Board Companies only absorb 27 per cent. of the whole amount of loss in that year by the Board Companies, the other 73 per cent. of loss being due to causes outside of such competition. Again, the loss of 6.64 in the Board business of 1875 as against 1874, can be accounted for by the decrease in rate of premium, which, as shown above, was for that period just 6 cents. The loss of rate from 1875 to 1876 to Board Companies was but 4 cents, yet the Board Companies' decrease in premium was 10.11; the difference, however, did not go to Non-Board Companies, for they then showed a falling off in their receipts, partly to be accounted for by their decrease of rate, which was, as shown above, 8 cents.

LOCAL AGENTS, THEIR NUMBER AND COMPENSATION.

The inference from the above statement is that the evils attending the present conduct of the Fire Insurance business cannot be justly chargeable to the irregular and scattered competition of outside Companies; did the statements prove the reverse, then would both the theory and practice of the National Board be at an end. But both our experience and observation show that the reasons for a union of operations among the more conservative Companies remain as potent to-day as they ever did, and with a firm stand together there would be eliminated some features in the practice of Companies which are in themselves subversive of harmonious results. That there are too many Local Agents in the majority of localities, and that the present compensation of the Agent is not warranted

by circumstances, must be admitted. But either of these can only be surmounted by time and by continued co-operation. The tendency seems to be in favor in some places of increasing the compensation of the Agent, perhaps by extra allowances, the Agent claiming that his income must be made up to him on his falling Tariff. But this is not only illogical, but is injurious to the Company.

Leaving, however, the question of a maximum commission aside, it has been deemed impracticable to maintain at certain given points a uniform remuneration to the Local Agent. As local circumstances may somewhat affect the rate of such remuneration, your Committee provided, in the interests of uniformity of practice, the following rule, under instructions of the Board, given at the December meeting, namely :

If any Company shall pay to any Agent, directly or indirectly, any commission or benefaction, or gratuity, which taken together, shall exceed fifteen per cent. upon the cash premiums received through such Agent, it shall be the duty of such Company, on application therefor, from any other Board Company having its Agency with such Agent, to inform such Company, without reserve, of the amount of such commission, benefaction or gratuity so paid, or promised to be paid.

Under this saving clause, members can obtain and preserve uniformity of remuneration to their common Local Agent, thus maintaining in integrity the spirit of the Commission Rule, which primarily aimed to uphold a common scale of compensation by debarring any one member from securing an advantage over his associate by extra inducements to the Agent.

The matter of brokerage is assuming costly proportions in certain of our large cities, costly in two forms, as entailing not only an additional charge upon the Company, but also as sustaining an element whose force tends only to break down rates. The Agent sustains his Companies to the best of his ability, but the broker knows no interest but his own ; he seeks the business of the assured at any figure which may hold it, and places it with the most willing Company. In certain of our Western cities the Local Board has fully eliminated this evil from their midst, and it is there that we find not only stronger Boards, but more contented policy holders. Where Agents are united to prevent the inroad of this element, so baneful to their own interests, there is no question but that they can effectually put an end to it altogether, where already introduced.

Hence, with a view to some serious consideration of certain matters which are entirely in the control of our Companies, permit me to recommend that special attention be given at this time to the matter of a lower maximum of commission to Local Agents than is now sanctioned ; and I do this in the belief that any reasonable number of our members if agreed upon a basis can within six months work for themselves a cure of the present system ; it need not necessarily be a Board measure, but under the auspices of the Board they can confer together, and initiate the proper measures to carry this into effect. The settlement of this question may bring about the needed diminution of Local Agents; the present large number of which has naturally grown out of the excessive commission which has been in force for many years. By some wise readjustment of these two salient points in Company operations, I confidently believe our Companies will realize a better condition of affairs under their administration a twelvemonth hence ; and I have reason to believe that the more conservative Local Agents would themselves welcome some such change, intercourse with many of them from time to time having satisfied me that they are ready for reforms in these directions, for while there would result an apparent diminished compensation, they believe they would be able to maintain a better system of rating, under which their remuneration would, in fact, be increased.

ARBITRATION ON MATTERS OF PRACTICE.

I cannot forbear alluding to the recommendation of your Chairman, looking to some plan by which controversies between any two of our members upon any question of practice can be mutually arranged to the satisfaction of both. Much of the misrepresentation and caviling which has been suffered to grow up between many of our members, is due to their acting upon their individual interpretation of any controverted point, when had such been submitted to other parties for a common decision, the matter involved would have been speedily set at rest. It seems due to associates that some means should be provided whereby any question should be definitely settled, rather than to suffer it to remain and grow into fuel for future controversies.

This office has ever been ready to listen dispassionately to both sides of any question, and while the undersigned is not sensible of approaching a decision on any matter which has been presented him with prejudice, yet he is aware that opinions expressed

on any controverted point have sometimes been so viewed by one or other of the parties in interest. No one is fitted to fill this office who cannot free himself from prejudice, or who is not capable of meeting such cases calmly and judicially; and were the undersigned sensible that he had in anywise suffered himself to depart from such rule, he would ask that some other one be clothed with the office, free from any suspicion of unfairness or prejudice.

But rather than clothe any one officer with such dignity and duty, I would recommend that it is better to relieve him of even unfounded suspicions of inequity and injustice, and refer the arbitrament of any open matter to other parties, to be in some way selected by the parties in interest. No one member can safely take into his own hands the settlement of any question in which he may be interested, as it is due to his peers and associates that their view should be in some way sought, for a proper and effective judgment upon the matter, with a view to a final settlement and disposal of the question or principle involved.

PROVISIONAL COMMITTEES.

The various Committees have done effective work the past year, and in their reports will be found the results. The plan of thus districting the work of the Board is an efficient one, and promotive of prompt attention to local requirements. But experience shows that there are some inherent defects in the system of placing the onus of the work upon associate members, each of whom is himself interested in the business brought to review. This fact of interest, though a guarantee of faithful attention to local wants, has only proved, in some instances, an invitation to misrepresentation, where some peculiar local interest has not gained its expectations. The Chairmen of the various Committees are particularly exposed to the caviling which necessarily arises in the contact of business. Their duties have been as faithful as they have been onerous; but in many instances they have received more criticism than thanks from the local Agents, whose best interests they had been striving to uphold.

It seems inequitable to place any of our members in such positions; and I would recommend that such Committees be furnished with intelligent and capable help, upon whom shall devolve all the active details of the work coming upon them; such Clerk or Secretary to be under the advice and direction of such Committee,

and the correspondence to be conducted by him, thus relieving any member of the Committee, either as Chairman or otherwise, from any more prominent position in the conduct of the Committee's business than either of his associates. Practically, the expense would not be any greater than is now undertaken by the Committees; and the new arrangement will prove itself, in a brief space, to be the most satisfactory mode of conducting our District work. The recommendation will serve, I believe, to strengthen the hands of the Committees, and, in fact, will make them more efficient; instead of doing aught to weaken this admirable system, we must rather employ measures to advance and strengthen it.

COMMITTEE OF CO-OPERATION.

At your January meeting this Committee was enlarged, by the addition to its members of all "the Managers and General Agents of Companies having jurisdiction in one or more States, resident in Chicago." This plan has worked well, by enlarging the interest in the Committee's work, and by dividing its daily labor, which has, for the past six months, been particularly pressing.

In noticing the resignation of Mr. A. T. Allen as Secretary of the Committee, which took effect on the 1st instant, I can but record my sense of that gentleman's diligent and faithful performance of the delicate and important duties devolving upon him; and I share in the regret of the Committee that they did not feel prepared at this juncture to ask him to reconsider and withdraw his resignation.

COMMITTEE FOR THE SOUTH.

Some of our members have urged upon you the appointment of a working Committee for the Southern States; and in order to obtain the views of members particularly interested in that field, conferences have been had under your instructions, verbally and by correspondence, with all such, and the result of the same is now before you. The sentiment, generally, of our Companies does not seem to favor such a Committee, at least at present, it being represented, among other reasons, that the material for such Committee is widely scattered, and regular meetings at any given point would entail material expense on the Board. There is no such gathering at any one central point in the South of Executive Officers or Managers, as we find for our Western work resident in Chicago.

OFFICE.

The rooms now occupied by the Board have been secured for the coming year at a reduced rent, agreeably to your authorization at the February meeting. The reasons for our being located in a fire-proof building are as potent as ever, and I regret we could not secure such at this time, when rents are more favorable than heretofore; but it was deemed best for the present, as we could obtain more favorable terms, to remain in our present quarters. The only expenditure necessary for the rooms will be ordinary repairs and new carpeting for one or two of the rooms. The Library it is expedient to keep well filled with such publications as bear on our profession, and it is our desire to secure for the shelves all books that relate to Fire Insurance, whether on construction of buildings, on fire departments, on water supply, on arson, on patents relating to the prevention of fires, and the like ; which can all be done at a moderate expenditure. Members and others finding these detail works in our repertory, are in the habit of consulting them, and a general institution of the character of ours seems the proper custodian for a collection of this kind, and can secure it at less expenditure than any individual member. In addition to these, we desire to preserve all Insurance Departmental reports in strong and suitable binding. The collection of these State reports already is superior to any held by our members. It would be desirable, further, to make a collection of books relating to judicial decisions on Insurance cases, in which our list is quite incomplete ; but with the means at hand we must secure the others first.

The work of the office has diminished the past year, and a reasonable reduction in the force would be in order. The same faithfulness and attention has characterized all in the office as heretofore, and those who may now leave the service of the Board, will leave behind them pleasant remembrances of their busy and eventful years' service.

Of Circulars, 65 have been issued, the total circulation being 41,935.

Rate Slips have numbered 1,222, making a circulation of 274,956.

Tariffs have been issued to the number of 263, and making a circulation of 26,300.

The expense of the latter having been assessed directly upon the Companies in interest.

The Printing Department has been run with the same percentage of saving as reported last year. The second year, up to December 30 last, shows the printing of 142,400 slips, 41,935 circulars, 36,225 letter headings, 73,250 envelopes, besides other jobs, at an entire cost of \$3,001.69 to the Board ; the same amount of work would at a minimum have cost outside at current prices, \$4,424.45, thus saving thirty-two per cent. on the work done. But as before, the Department has not the ability to undertake all our printing, and much has to be put outside, all of this, however, is given on estimates, and is done at the most reasonable rates to be found in the market.

For the year to come we may be enabled, with the present machine and set of type, to print all circulars and office stationery with a minimum force ; and we are ready to adapt the working of the department to the recommendations of the Committee on Retrenchment. An earlier adaptation of this to the views of members would have been made, but the way did not seem clear for this, and your Committee authorized its continuance intact until the Annual Meeting.

The work of the Committee of Statistics is voluminous, and we are enabled to continue it under the present arrangement, should the Board prepare for this, which, I hope, will be done. The results of its examination into the Fireworks business has spread more information through the community generally than has ever been attained before by any instrumentality ; and by the next Fourth of July all our large centres of population will be more enlightened on this local danger than in previous years, and, in so far, will the moral hazard of our national Anniversary be greatly improved.

Let me say here, that could our present arrangements for the collation of fire statistics be devoted rather to informing the community generally of the losses by fires to individual property and national wealth, than to informing our Companies upon what hazards they can most profitably write, much and lasting good would be attained. Permit me to recommend this to the Committee, which I feel free in doing, inasmuch as its service comes under the general office work, and I feel assured it will have a very influential bearing upon the means the Board is disposed

to exercise in disseminating professional knowledge of a practical character.

SUPERVISING AND SPECIAL AGENTS.

Our field force remained substantially through the year as last reported. Mr. Webster's regular engagement merged into special arrangements, and he has been thus performing duty on behalf of the New England Committee for the past twelvemonths, as the duties entailed upon his office did not call for the use of his entire time. Mr. Muir enters the service of one of our members on May 1, prox. Mr. Hawxhurst was in the service of the Committee of Co-operation until January last, and is now Special Agent for one of our members. The Committee of Co-operation have notified Mr. Wheelock his engagement would be suspended on the first inst., this action being due solely to the desire for retrenchment. Mr. Holloway is at present assisting the Committee of Co-operation during the vacancy in the Secretaryship.

The beneficial effects of an intelligent field force have been felt in our operations the past year as in previous years; and should it be the wish of the Board to curtail it, or, indeed, to dispense with it on the score of retrenchment, I feel confident that members will soon realize the loss it is to their general interests; pecuniarily, it has well paid, and has proved a good investment for the Board. While other gentlemen can do the work as intelligently, it must be admitted that only to those in the exclusive service of the Board can we look for that entire devotion of their time which our work seems to demand and to merit. Upon a careful computation, it is found that the expenditure to the Board for the maintenance of this service would be increased *fourfold* to those individual Companies who are prepared to spare their own special force to perform this general work from time to time, a burden which would fall really on a minority of our members, while by the present system the lesser expenditure is borne pro rata by each, and this is the only equitable arrangement that can be made.

LOCAL BOARDS AND AGENTS.

There are enrolled on our files 1,217 of these organizations, showing a membership of 9,508 Agencies or Agency firms. A moment's consideration of the large number of Agents, as thus displayed, coming under the purview of this Board, must convince our members that unless they themselves carry out and sustain

the rules and formula agreed to by them in Board assembled it is idle to rely upon the Executive Committee or the officers to do it. The Local Agent derives his appointment from the Company, and to the Company alone does he look for instructions. Have not some of the present misapprehensions as to the proper workings of the Board been due to the lack of a thoughtful consideration of the duties which devolve upon the members themselves in regard to their mutual responsibilities to each other in the conduct of an extended Agency business ; forgetful of these claims, many have rested under the belief that the Board instrumentalities created by them were all sufficient for the correction of any Local difficulties where their particular Agent was concerned, due to the oversight of the standing fact that the Agent, while ready to take their instructions, was not prepared to take, in all cases, instructions emanating outside of that Company.

DEVIATIONS FROM RATES.

In conformity with the resolution of the Board at the September meeting, there has been prepared for the inspection of members at this Annual Meeting a list of the alleged deviations from rates of Companies and Agents, with the results of our inquiries into the same. It will be seen that the proportion of the proven charges is very small as compared with the whole number reported. When it is considered that millions of dollars in premium receipts pass through the hands of ninety-five hundred Agents, it must be admitted that the allegations of unfaithfulness are at a minimum, and it is only surprising that more cases do not occur, and form the ground for even louder complaints than now prevail. Every case, however, is magnified to its utmost, either by suspicion or design ; and in the ramifications of an Agency business, time is necessarily consumed in the correction of such, and the time thus consumed, though entirely legitimate, is in most cases misjudged by the complainant. All that is needed in these cases is for the complainant to exercise the like charity and patience with that he would claim should any allegations of unfaithfulness be made against him.

" DISCIPLINE OF AGENTS."

Under the above heading, which, however, is a misnomer, new rules were promulgated in December last, under the instructions of the Board at its September meeting. The Companies, who would not perhaps use the word " discipline " in their own deal-

ings with their Agents, yet as a Board and in Committee employed it to the detriment of their associated influence, and the offence it at times caused proved the greatest weapon against a proper correction of the particular difficulty sought to be cured. Under these new rules, however, steps were taken by which the Local Agent was given full time and opportunity to correct his discovered deviations before they should be reported to your Committee. These have worked well, and could they have been earlier adopted, would have established our corrective measures upon a firmer basis, and produced results more satisfactory to both Company and Agent.

CONCLUSION.

Much more could be said in demonstration of the workings of the Board, and as testifying to its importance and value to its members; but the above notes of our progress are sufficient to point out the peculiar difficulties which have of late grown up in our operations, and which, upon a calm review will be found to be entirely within the control and direction of our several members. There is nothing yet evidenced in the workings of the Board which has of itself been an injury to the interests of any member, and without such administrative union the condition of their business would be far less favorable to-day than it is. The events and experience of the past twelvemonth furnish probably wiser lessons for us than any in the previous four years. Mutual concession and a casting out of mistrust will enable us to profit by these lessons. There are other and higher aims that the organization can now develop than the serious matter of upholding set rates; and if the latter, under the present condition of the manufacturing and mercantile world, have not maintained their position as in the outset was hoped for, let us not in abandoning the organization thereby confess that therein lay our first and whole duty. Before another twelvemonth has passed, this question of rates will determine the existence of many Companies and in the gradual downfall of such, the insuring community generally will learn that indemnity from loss by fire has a certain price which they will be led to respect in securing responsible policies; and while the present is a crucial test of all systems of rating, time will show that while systems may be imperfect, yet that some mode of rating must prevail, otherwise our policies will forfeit that guarantee which it is

the desire of our Companies to give the assured. In the meanwhile our organization is more free to develop those other studies which we as professional men desire to see cultivated and enlarged. With all the criticisms which the community generally are prone to make of the actions of the Associated Underwriters, there yet exists a wide spread recognition of the value and the merits of such an organization, which is testified to on all hands; and if anything is to affect the stability of the organization, we will not find the most serious difficulties from without, but from within, and all practically under our control.

I must record here my sincere acknowledgments to the President of the Board, and to you, Mr. Chairman, for all your kind consideration and courtesy which have upheld me in the discharge of the duties of my office the past twelvemonth.

Respectfully submitted,

THOS. H. MONTGOMERY,

April 25, 1877.

General Agent.