Insurance

The contract of fire insurance is one whereby one party, for a consideration to be paid, agrees to indemnify the other against loss or damage to certain property by fire.

Insurance Companies.

The business of fire insurance is now almost entirely in the hands of companies incorporated for that purpose, and in some States, private individuals are prohibited by statute from entering into such contracts. Formerly these companies were usually stock companies, but now a large portion of the fire insurance in this country is done by mutual companies.

The stock company offers to the insured as a security for the payment of its losses, the whole amount of its stock, as well as the proceeds of its business. Mutual companies, if without stock, have of course no other capital to work upon than the proceeds of their business, or in other words, the amount of their premiums. The usual plan is for the insured to pay a ratable proportion of the cost of running the business, while losses are paid as they occur, by direct assessments upon the members. The purpose and effect of this arrangement is, that each insured pays only for the actual risk and his share of the cost of carrying on the business. The insured are members of the company, and thus all insure one another.

What Property is Insurable.

The kinds of property that are insurable are very numerous, such as warehouses and the mercantile property stored in them; personal chattels in stores, factories, dwelling houses, and barns; merchandise, furniture, books, plate, pictures, live stock, etc.
fire, will not avoid the policy. It is the duty of the insured, however, to
guard against fire, and to make his damage as slight as possible.

**Alienation of the Property.**

The contract between the insured and the insurers is a personal one, and
if the insured sells the property, the protection does not pass to the vendee
without the consent of the insurers. It is essential to the validity of the con-
tact that the insured should not only have an interest in the property at the
time it is insured, but also at the time of the loss. After a loss has occurred,
the right of the insured to the indemnity is vested and fixed, and he can then
assign without the company's consent.

**Notice and Proof of Loss.**

Most policies prescribe what notice and proof of loss shall be given. Where
this is the case, such regulations should be complied with; in other
cases, a reasonable notice and proof should be furnished.

**Adjustment and Payment of the Loss.**

Loss of profits of business, or other indirect or consequential damages, are
not covered by the policy.

In cases of loss, the company pays the amount of damage not exceed-
ing the face of the policy. The whole amount named in the policy is not
paid unless the loss amounts to so much. Where several companies have
insured against the same loss, the amount is divided ratably among them.
Insurance companies generally reserve the right to rebuild the building, or
replace the goods instead of paying the loss. If they rebuild, or replace under
this clause, they still remain insurers for the new property for an amount equal
to the difference between the face of the policy and the cost of rebuilding or
replacing.

Entire candor and accuracy in making his application, reliance only upon
the written contract of the company, and a thorough knowledge of the contents
of the policy, are essential to the safety of the insured.

**LIFE INSURANCE.**

One of the duties which every man of moderate means owes to his family,
is to provide suitable insurance upon his own life, for their benefit. The busi-
ness of life insurance has grown up almost entirely within the last forty years,
and has now become one of the great features of the age. It is rapidly
assuming its true character, which is that of an indemnity, and not of an
investment.

**Its Basis.**

Life insurance is based upon well settled rules which have been established
by observation and experience. By careful investigation, the average number
of deaths among a given number of persons at various ages, and under various