Yale Readings in Insurance

PROPERTY INSURANCE

Edited by
Lester W. Zartman

Revised by
William H. Price

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YALE READINGS IN INSURANCE

PROPERTY INSURANCE

EDITED BY
LESTER W. ZARTMAN
LATE ASSISTANT PROFESSOR OF POLITICAL ECONOMY, YALE UNIVERSITY

REVISED BY
WILLIAM H. PRICE
PROFESSOR OF POLITICAL ECONOMY IN THE IMPERIAL UNIVERSITY OF TOKYO

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PREFACE TO THE SECOND EDITION

ALTHOUGH the plates of the first edition of the "Yale Readings in Insurance" as edited by the late Professor Zartman have been preserved, the publishers decided upon a re-editing of the "Readings" rather than a mere reprint. Careful study, however, has failed to suggest the wisdom of numerous or important alterations. The former editor made his selections carefully, the recent contributions to the literature of property insurance have been few, and there have been no important changes in the conduct of the business.

The report of the Merritt committee, which investigated the fire insurance business on behalf of the New York legislature, has supplied two new chapters to the present edition. Two other chapters were taken from Kitchin's "Principles and Finance of Fire Insurance," a work which is not less suggestive to American students because it deals primarily with English conditions. The four new chapters include two on the subject of finances, and one on intercompany organization,—subjects which were only incidentally treated in the former edition of the "Readings." Since the absence of coöperation among the fire insurance companies in the tabulation of experience is the most conspicuous evil which the companies could readily correct, a chapter describing tabular rating in Great Britain has been added to the articles urging scientific fire rating upon American companies.

It has seemed advisable to introduce an analytical table of contents, and this has rendered the alphabetical index superfluous.

The arrangement of the "Readings" has not been a simple problem. Articles prepared by numerous writers, working independently, are apt to overlap here, and fail to join there. At best they lack the unity of a treatise by a single writer. The order in which they are arranged must depend largely upon the material. In the former edition, following the precedent of the "Yale Lectures" published in 1904, articles on "miscellaneous" branches of insurance were appended to a compact group of articles on fire insurance. In this edition an attempt has been made to avoid this mixed group. The articles on liability insurance, government insurance, and workingmen's insurance have been transferred to the companion volume, which, in the new edition, adds other branches of personal insurance to life insurance. The present volume is therefore confined to the insurance of property. The two chapters on marine insurance have been placed at the beginning since marine insurance, by virtue of its less scientific character as well as because of historical reasons, serves as a convenient introduction to the subject of property insurance. Virtually all the succeeding chapters of this volume are devoted to fire insurance, — an emphasis which is justified by its relative importance, its elaborate organization, and its many perplexing practical problems. Steam boiler insurance is so largely a loss-preventive service that it is appropriately considered in connection with the prevention of loss by fire. The intimate relation between the subject of prevention of losses and the theory of insurance would have

made it desirable to treat these topics consecutively at the beginning of the volume. This arrangement is being followed in the companion volume on personal insurance, but it has been found impracticable here.

WILLIAM H PRICE

NEW HAVEN,
June, 1913.

PREFACE TO THE FIRST EDITION

THE "Yale Lectures on Fire and Miscellaneous Insurance" appeared five years ago. Although a considerable edition was printed, the unexpectedly large demand soon exhausted it, and as the plates were destroyed, for two years the lectures have been out of print.

It seems desirable that either a new edition of the lectures should be printed, or that something new should be published in their place. The latter alternative has been chosen, and instead of simply reprinting the old lectures, the plan has been adopted of selecting special readings, partly from the "Yale Lectures," partly from other sources. This plan was preferred because the literature of fire and miscellaneous forms of insurance has been developing so rapidly that a much more comprehensive text-book can now be prepared than was possible a few years ago. By not confining this volume to a reprint of the old lectures, it has been possible to take advantage of the advance which has taken place in this literature. Only seven of the lectures in the old volume are re-

printed, and all but one of these have been extensively changed. Some of the matter now published has never appeared before, and much of the remainder has been revised.

The major part of this volume is devoted to the subject of fire insurance The general principles involved in fire insurance are typical of those found in all forms of insurance other than life insurance. The miscellaneous forms of insurance, such as marine, steam boiler, employers' liability, and workingmen's insurance, are discussed to the extent that each introduces new methods and new principles into the business. In selecting these readings, the aim has been to avoid those authors who treat the subject in technical language, as well as those who make the subject more simple than it really is, and thus conceal its real problems. The broad selection of material would not have been possible without the coöperation of others. It is a pleasure to record the fine spirit of publishers in permitting reprints from copyrighted books, and the willingness of authors to revise articles where changed conditions made revision desirable.

LESTER W. ZARTMAN

NEW HAVEN,
August, 1909

PREFACE TO THE YALE INSURANCE LECTURES

Published as reprinted from The Alumni Weekly, 1903–1904.

YALE UNIVERSITY, in launching a course in insurance on lines not previously attempted, gave official recognition of the profound importance and signifi-

cance of the subject, considered both from the standpoint of society and the individual. Insurance had before been taught both at Yale and at other universities, but never on lines which entered so thoroughly and so deeply into the history, philosophy, economy and science of the subject. In opening this course, Yale broke new ground and the lectures which formed the main body of the course in insurance, of the Academic year 1903–4, brought together an amount of material on this subject which had never before been gathered in any such form or to any such extent.

This is said in full recognition of the large and most valuable body of insurance literature already in existence. It is the point of view taken in the preparation of this material which gives it its peculiar value to the students of the subject and to those who are interested in it either as a business or as a profession. The object of the course was to give the student such a knowledge of the fundamental principles of insurance and such a view of its extent and its methods of operation as would enable him to judge accurately of its power as an economic force, and would further prepare him for wise action when the duties of his profession or business required him to guard himself or others from possible loss. It was further intended to furnish a broad, preliminary view of insurance for those who intended to enter it later, either as a business or as a profession.

These two classes of men are found in very large quantities outside of the list of students of any and all American universities and the publication of these lectures is intended to give them, as well as those who are making an academic study of insurance, the advantages which were first given to the students of

Yale who elected this course. It is also believed that these lectures will be welcomed by those who are actively engaged in insurance work because they put in such clear and interesting form many of the most important facts, principles and problems of the subject. In other words, it is hoped that the publication of these lectures will furnish not only a text-book for those who have the advantages of academic study but a source of information to the general student and of practical assistance to the insurance worker.

Those into whose hands this volume will fall will, we think, unite in grateful acknowledgment to all the men who gave their services in the preparation of these lectures out of their study and experience. To them the editors of this book certainly wish to render their sincere thanks for their coöperation in the preparation of the volume, and no less to the men, Mr. A. A. Welch of Hartford and Dr. John M. Gaines of New York, whose services in the difficult work of the quiz made the first and experimental year at Yale a success, and helped so materially to establish the lines on which this subject could in the future profitably be continued as an integral part of the education furnished by a university.

THE EDITORS

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