

## FINANCE COMMITTEE.

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JOHN GILL ..... Baltimore, Md.

FELIX CAMPBELL ..... Brooklyn, N. Y.

J. H. PARKER ..... New York City

ARTHUR B. GRAVES ..... New York City

J. J. SULLIVAN ..... Cleveland, O.

## INSURANCE COMMITTEE.

ROBERT SEWELL ..... *Chairman*

H. B. BEECHER ..... New York City

JOHN H. FLAGLER ..... New York City

L. W. BINGHAM ..... Cleveland, O.

JAMES W. NYE ..... Chicago, Ill.

E. C. CONVERSE ..... New York City

R. C. RATHBONE ..... New York City

## LOSS COMMITTEE.

H. B. BEECHER.....New York City

L. W. BINGHAM.....Cleveland, O.

JOHN H. FLAGLER.....New York City

ROBERT SEWELL.....New York City

JAMES W. NYE.....Chicago, Ill.

R. C. RATHBONE.....New York City

JNO. E. SEARLES, JR.....New York City

## AUDITING COMMITTEE.

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THOS. B. KENT.....New York City

CHAS. H. RAYMOND.....New York City

F. WEYERHAEUSER.....St. Paul, Minn.

STEPHEN R. LESHER.....New York City

A. SHUMAN.....Boston, Mass.

R. H. WRIGHT.....Akron, O.

ADDRESS ALL COMMUNICATIONS TO

Assurance Lloyds of America,

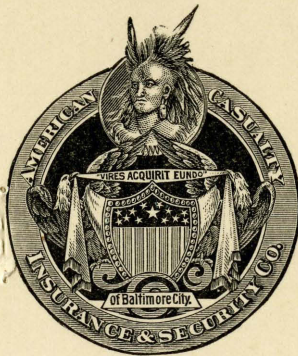
BEECHER, SCHENCK & CO.,

GENERAL MANAGERS AND ATTORNEYS,

Offices, 40-44 PINE STREET,

NEW YORK CITY.

[ WITH 4-11-93 ]



CASH CAPITAL, \$1,000,000

CASH ASSETS, \$2,607,675

CLAIMS PROMPTLY ADJUSTED.

LIBERAL FORMS OF POLICY

ISSUED FOR  
EMPLOYERS AND PUBLIC LIABILITY,  
BOILER AND ELEVATOR INSURANCE,  
CONTRIBUTION INSURANCE FOR EMPLOYEES,  
INDIVIDUAL ACCIDENT INSURANCE,  
BONDS OF SURETYSHIP.

J. J. WATSON, GENERAL AGENT

FOR MINN., NO. DAK. AND SO. DAKOTA,  
80-82 GERMANIA LIFE INS. BUILDING,

ST. PAUL.



# ASSURANCE LLOYDS OF AMERICA

ORGANIZED FEBRUARY 15, 1892.

BEECHER, SCHENCK & CO., GENERAL MANAGERS AND ATTORNEYS,

Office. 40-44 Pine Street, New York.

INDIVIDUAL UNDERWRITING is not by any means a new mode of insurance. In fact, it is the oldest, and for a generation or more, the only one. Records show its existence as far back as 1688 in the city of London. It originated through social intercourse between merchants and shipowners over the festive board. There being no corporation whose business it was to assume the risks of individuals, a way out of the difficulty became a question, very naturally, in the minds of those merchants and shipowners.

It was suggested that the group jointly assume the liability of the one individual, and this arranged, the consideration was mutually agreed upon. They then had the two important ideas fixed in their minds; first, the contract or risk to be assumed, and next the consideration therefor; which latter we are given to understand was carefully set aside for the day of disaster.

From this simple arrangement sprang the policy contract and premium, and from that little social and provident group it may safely be said, sprang the now great and important business of insurance.

We are told that the origin of the word "Lloyds" is from the name of the proprietor of the inn or eating house where these meetings were held, Edward Lloyds. Be that as it may, the name has been carried down to the present day.

From this little seed dropped at an insignificant coffee house in the city of London in the year 1688, has grown a gigantic Lloyds, whose financial responsibility is never questioned throughout the whole world.

## THE ASSURANCE LLOYDS OF AMERICA

was organized February 15, 1892, with six underwriters, and before the close of the year 1892, one hundred underwriters had joined this "Lloyds," each making a cash deposit of \$5,000, creating a fund of \$500,000, which number will be increased to 200. The liability of each underwriter is absolutely limited to \$15,000, which includes the cash deposit of \$5,000, thus making this Lloyds the most powerful organization of its kind in America, with \$500,000 cash and a liability of \$1,000,000 additional, giving policy-holders a financial security of \$1,500,000, which is the present status with 100 underwriters. When the entire limit of 200 underwriters is reached, The Cash Guarantee Fund will be \$1,000,000, with further liability of \$2,000,000, giving policy-holders a financial security of \$3,000,000.

Supported by such names as now appear as underwriters, there is no conceivable reason why the Assurance Lloyds of America should not become in time one of the strongest and most powerful organizations doing business in the United States, it being the intention of the general managers and attorneys to so conduct its affairs that its name in the insurance community shall be synonymous with strength and security.

The methods adopted by the underwriters are calculated to inspire confidence in this organization, as a sound, alert and liberal insurer of only the best classes of properties, scrutinizing with the utmost care all risks offered, both as to moral and physical hazards, and avoiding all business of a hazardous nature.

The admitted insufficiency of insurance facilities—many large property owners finding it difficult, if not impossible, to obtain the amount of insurance they require—furnishes the Assurance Lloyds a big field in which to operate.

The Assurance Lloyds of America will value reputation for underwriting ability above mere notoriety as a "phenomenal" accumulator of premium income.

The general managers and attorneys have a complete agency system throughout the United States, and have for a great many years been intimately connected with the insurance business in various branches, and especially in fire insurance.

The underwriters of the Assurance Lloyds of America will receive large returns upon their cash investment of \$5,000.

Carefully prepared statistics for the last ten years show that the representative fire insurance companies have had an average loss ratio of 60% per annum; during the same period the average expense ratio has been 38½%.

The evil of fire insurance underwriting has not entirely existed in the loss ratio, but principally in the expense ratio, which has been caused by exorbitant commissions, expensive offices and high salaries.

The general managers and attorneys are satisfied that a large reduction in the loss ratio of 60% for ten years past will be effected in the future, because of 20 to 300% increase in rates for insurance which have taken place all over the country; and also because of the careful selection and inspection of risks, and above all things else, attention to the matter of moral hazard. Most underwriters believe the moral hazard to be 50% of the entire risk.

The general managers and attorneys have by contract with the underwriters of Assurance Lloyds of America agreed that the entire expense account (excepting losses) shall not exceed 25% of the premium receipts (against an average expense account of 38½% for stock companies).

The Assurance Lloyds of America will not join any Tariff Association, or be burdened with the rules of rating committees, although tariff rates will be maintained, and it is their purpose to secure business on an independent basis, free from dictation from local boards which now govern and control the stock companies.

The general managers and attorneys believe they are conservative in the following estimate of profits to be secured to the 100 underwriters of the Assurance Lloyds of America on their investment of \$5,000, taking as a basis 60% for the loss ratio (experience of stock companies for ten years) and 25% guaranteed expense ratio (instead of 38½% stock companies' experience ten years):

	Profit.		Profit.
On \$750,000 annual premiums.....	22%	If loss ratio reduced to 50%.....	37%
On 1,000,000 " " .....	30%	" " 50%.....	50%
On 1,500,000 " " .....	45%	" " 50%.....	75%
On 2,000,000 " " .....	60%	" " 50%.....	100%
On 3,000,000 " " .....	90%	" " 50%.....	150%

Twenty-five per cent. of all net profits is held as a Reserve Fund (75% of profits paid subscribers yearly) until the Reserve Fund equals the original guaranteed cash fund.



# APPLICATION FOR MEMBERSHIP IN THE ASSURANCE LLOYDS OF AMERICA.

*To the Governing Committee.*

*Gentlemen :*

*hereby apply for membership in the ASSURANCE LLOYDS OF AMERICA, agreeing to be bound by the following Articles and Power of Attorney.*

## ARTICLES AND POWER OF ATTORNEY OF THE ASSURANCE LLOYDS OF AMERICA.

We, the undersigned, having organized for the purpose of transacting the business of insurers as a Lloyds, in witness thereof and for the regulation and control of our said insurance business we have this 15th day of February, 1892, signed, sealed and executed the following articles :

I. We shall be known as the Assurance Lloyds of America and our principal place of business shall be the City of New York, in the State of New York.

II. The object and business of this Association shall be the conducting and carrying on of the insurance business upon the method commonly known by the name of "Lloyds," the principal feature of which is that the liability on each policy is several, and not joint, and that the insurance is granted by individual underwriters, and not by any corporation, association, or firm.

(a) The fire insurance business in all of its branches.

(b) All forms of insurance generally against losses of all kinds from whatever contingency arising, provided the same shall be the subject of legal insurance, including reinsurance, or transferring the risks of the Association, or any of them, and accepting any authorized risk either directly or by reinsurance.

III. It is further understood and agreed by and between the members hereof that this Association shall not be dissolved, or in any wise impaired by the death, resignation or withdrawal of any one or more present or future members hereof, and that the joining or addition of one or more, or any number of future members, shall not affect, impair or dissolve the same, but that this said Association shall continue and remain unaffected in any manner by any change or changes in its membership to and until the expiration of the full period limited herein.

IV. That we, the original members, do hereby, and every member who shall hereafter join this Association shall subscribe his name to these, the original articles and power of attorney, and shall be bound by each and every term and article hereof; and upon signing these said articles and paying the sum of five thousand dollars (\$5,000) into the treasury, each such future subscriber shall be and become a member hereof.

V. That after a hundred members shall have signed these articles, and shall have paid their subscription thereon, no one shall be eligible to membership herein, except he shall first be accepted by a majority vote of the Governing Committee, passed at a regular meeting of the Committee, or at a special meeting duly called for that purpose.

Regular meetings of the Association shall be held at the offices of the General Managers and Attorneys in fact on the first Tuesday of January, April, July and October in each year, commencing July 5th, 1892, except that when such day falls on a legal holiday, then the meeting shall be held on the next secular day; and special meetings shall be called by the General Managers and Attorneys in fact, upon the written request of any three members of the Governing Committee.

And at any meeting of the Association twenty-one members shall constitute a quorum. At least ten days' written notice of all regular and special meetings shall be mailed to each subscriber at his last known address.

VI. We hereby agree to employ and retain, and do hereby employ and retain, the firm of Beecher, Schenck & Co. as our General Managers and Attorneys in fact, upon the terms contained in the certain written contract with that firm, and bearing date February 15th, 1892; but if a majority of the said Managers shall withdraw from this Association, then the Governing Committee may appoint new General Managers. The said contract and this article are subject to the power of alteration and amendment contained in Article X.

And we hereby severally nominate and appoint the said firm of Beecher, Schenck & Co., now composed of Henry B. Beecher, Vincent R. Schenck, Wm. E. Midgley, John W. Taylor and Henry W. Beecher, each of whom is a subscriber hereto, as our General Managers and Attorneys in fact, for each of us, and we do severally authorize and empower them to issue any and all policies or contracts of insurance in the name of each of us, and in our behalf, with the same force and effect as though we each of us had severally personally subscribed our names to such policies or contracts, provided the names of all members of the Association at the time such policies or contracts are issued are contained in, and made part of, each of said policies, and certified by said General Managers and Attorneys in fact to be a correct list.

And we do further authorize and empower our said General Managers and Attorneys in fact, in our behalf, and in our place and stead to issue policies or contracts of insurance for any of the kinds of insurance specified in these articles, upon such terms, conditions and rates of premium as they shall deem proper; to receive written application for such insurance and issue binders therefor, to make all necessary surveys, to cancel, annul or modify such policies, to reinsure any or all risks insured in our behalf, in such manner as they shall deem best, to demand, collect, sue for and receive all premiums which may at any time become due or owing, and to give proper receipts and acquittances therefor; to receive any and all proofs of loss and all other notices under any policy issued under our names, and to give all notices that may at any time be necessary. In all cases of loss under any policy or policies issued by virtue of the authority hereby conferred on them, to adjust and settle the same in all respects, and to take all



necessary and customary action respecting the property insured as fully and completely as we or any of us might or could do, with full power to compound, compromise and settle any and every such loss. In case of any suit arising in law or equity to receive service of papers in our behalf, to appear, defend, compromise or settle the same upon such terms as they may deem best ; to commence and prosecute any and all suits that may be necessary for the purpose of collecting any and all sums that may be due us, and for the enforcement of any of our rights herein, or the protection of our interests in the premises.

And our said General Managers and Attorneys in fact are hereby authorized and empowered under the supervision of the Governing Committee to do and perform for us, and in our stead, and in the name of our said Association, every and any other act or thing in relation to any policy or contract of insurance affected by them, by virtue of this power, and to do and perform every other act and thing necessary for the promotion and prosecution of the business described herein, which we could jointly or severally do or perform, giving to our said General Managers and Attorneys in fact full power and authority therefor, and ratifying all that they may lawfully do or cause to be done by virtue hereof.

But every policy issued by virtue hereof, shall be in the standard form proposed for insurance companies by the laws of the State of New York, except where it may be necessary to modify or change the same pursuant to the laws of any other State, when insurance may be effected in such other State.

And every policy shall provide that no one single member of this Association shall be liable under any one policy for an amount exceeding the sum of twenty-five hundred dollars (\$2,500).

And the aggregate liability of all of the underwriters to each policy shall be limited therein so that the total liabilities of each underwriter on all policies in force, after the application of the total unexpended premiums, shall not exceed fifteen thousand dollars (\$15,000), the original subscription being therein included. Every policy shall contain this limitation.

VII. This Association shall continue for the term of fifty years, and shall commence business on and after February 15th, 1892, or as soon thereafter as at least five members shall have signed these articles.

VIII. That within thirty days after the 31st day of December in each year there shall be set apart twenty-five per cent. of the net profits of such year (after deducting all expenses, losses and commissions), to be accumulated as a surplus fund until the same shall equal the amount of the total subscriptions ; the remainder of the net profits, after setting apart said twenty-five per cent., shall be divided among the members hereof, in the proportion which their subscribed contributions shall bear to the whole capital subscribed. When, however, said surplus fund shall equal the amount of the total subscription, then the entire net profits shall be divided among the members hereof.

IX. In all of the affairs of this Association the decision of a majority of the members hereof present in person or by proxy at any meeting shall control, a quorum being present.

X. These articles may be altered or amended by a vote of the majority of the members hereof, present in person or by proxy, at any meeting of the Association, provided a written notice containing such proposed amendment shall have been sent to each member at his last known address, at least ten days prior to such meeting, by the General Managers and Attorneys in fact.

XI. Any member may resign herefrom by giving thirty days' previous notice in writing to the General Managers and Attorneys in fact.

Upon the termination of any membership, either by death or resignation, such member, or his legal representative, shall not be liable for any loss upon any policies thereafter issued, nor be entitled to any profits upon any such policies ; and, upon the expiry of all the policies upon which he was liable, there shall be paid over to him, or his legal representatives, the amount which may be due to him for profits, his interest in the reserve fund, and the amount of his subscription, less any sums necessary to be deducted therefrom for the payment of losses or reinsuring his liabilities. Membership in this Association may be assigned, provided always that the person to whom it is assigned shall be acceptable to the Governing Committee, and shall, at a regular meeting of such Committee, be approved by a majority thereof, and such person shall then be recognized upon his signing these Articles of Association as the successor of his assignor, upon agreeing to assume all the assignor's outstanding liabilities.

XII. That after fifty members shall have signed these articles, the General Managers and Attorneys shall ask such members to select twenty-one from their number to act as the Governing Committee, for the purpose of facilitating the management and prosecution of the business herein provided for ; the adjustment of all losses and claims ; and they shall have general direction of the business and shall control the acts and proceedings of the General Managers and Attorneys. They shall have the custody, management and investment of all moneys and other assets belonging to the subscribers, and the promotion of the interests both of those who shall act as underwriters and of those to whom policies of insurance may be issued by virtue of the power of attorney. This committee shall hold office for one year, or until their successors are appointed, and at the regular meeting held in January of each year the members shall select from their number twenty-one to act as such Governing Committee. In case of any vacancies occurring in their membership said Committee may fill the same.

XIII. That although these Articles provide for other classes of insurance business, that it is the intention to confine the underwriters to the business of fire insurance in all its branches, and they will not undertake to transact any other class of insurance without the approval of a two-third vote of the members present in person or by proxy at a regular meeting of the Association or at a special meeting duly called for that purpose, notice whereof shall have been given in writing at least ten days prior to such meeting—which notice shall specify the change proposed.

IN WITNESS WHEREOF,        have hereunto set        hand and affixed        seal hereto the day and year written before, and have subscribed the amount written opposite        said name ; and agree to pay the sum of Five Thousand Dollars within five days after notice of        said election.

Name and Signature of Applicant

Amount

Kind of Business and Name of Firm

Dated

Business Address





# Minnesota Historical Society

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