

Dusty Averages and Honorable Founders



Dusty Averages and Honorable Founders Address to Membership- October 7th 2010

Ladies and Gentlemen:

I begin by quoting our 14th Chairman, Mr. John H. Gourlie, Jr:

“ I welcome you to this annual meeting of our Association, and it is a pleasure to note though time may have touched us gently with his fingers, we meet again with undiminished ranks, ... not yet forgetful of the years that are past but looking forward to a wider field of usefulness in the future.”

With those words, Mr. Gourlie opened our annual meeting on October 10, 1893, at precisely 10 a.m. He spoke to our membership a stone's throw away from where we sit, at our first permanent office on Hanover Street. This India House, perhaps even this room was well known to them as it dates to 1851. It is as if they are so close to us in distance, yet far away in time.

I have felt compelled to revisit that time, by reading our earliest minutes, and thereby listen in on

“Dusty Averages and Honorable Founders” – John F. Crotty, October 7th 2010

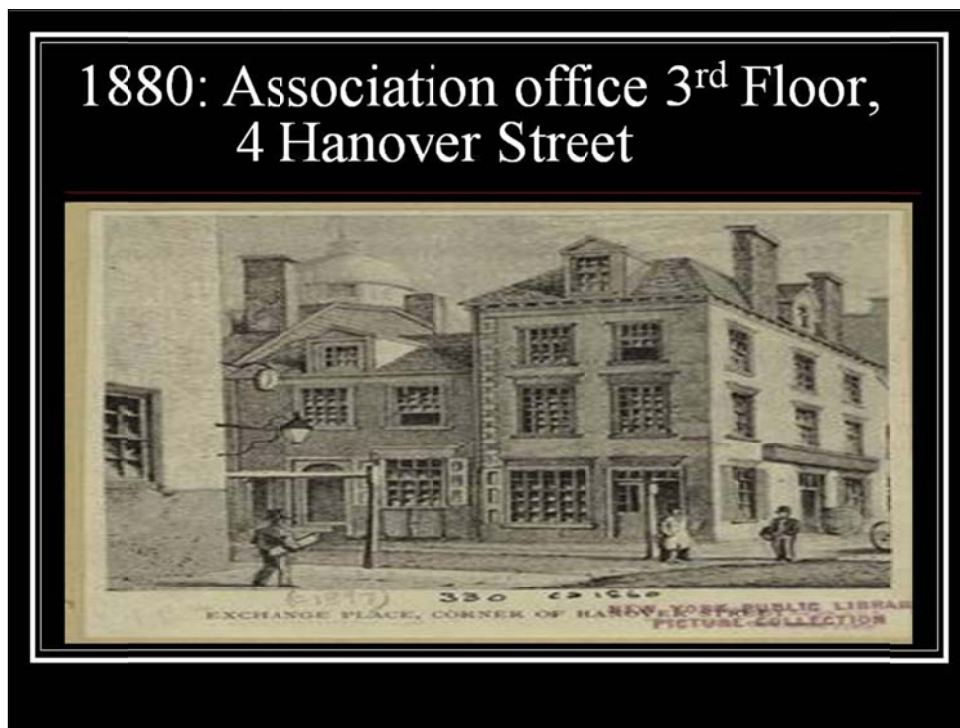
their meetings. I must apologize in advance to those who may fairly ask, what on earth could be served by doing so? What does our history have to do with the challenges the Association faces today?

Well, my apology is armed with a defense. We look to our past with a sense of nostalgia and sentiment, it is true. But it is that same sentiment of feeling that can open us up and provide a fresh new perspective on where we stand today. The 19th century English poet Samuel Taylor Coleridge wrote-

“If men could learn from history, what lessons it may teach us! But passion and party blind our eyes, and the light which experience gives us is a lantern on the stern which shines only on the waves behind.”

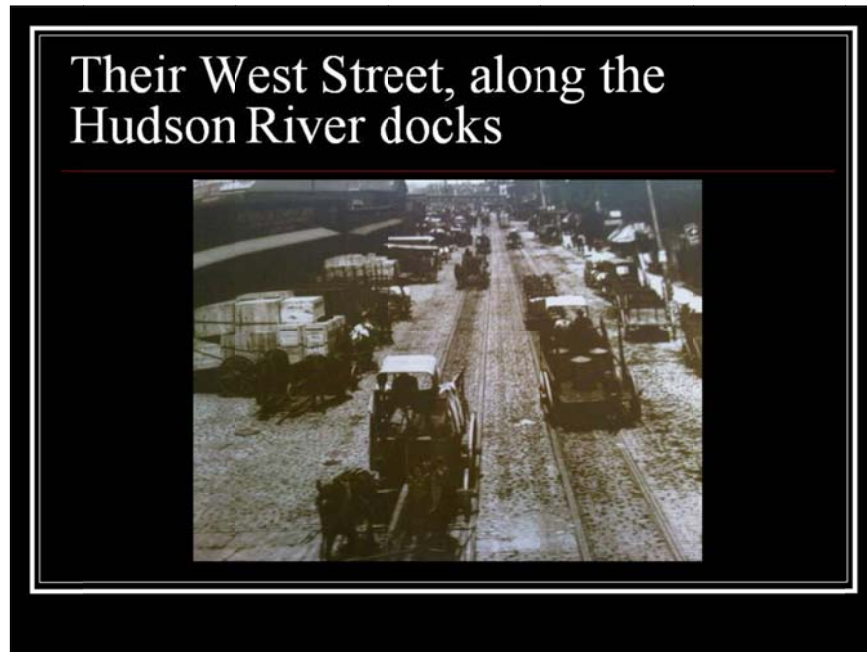
And so I have spent some time this year looking back and stepping back, hoping to gain some perspective on the challenges facing all Adjusting Associations today. I think the experience may have left me with some perspective on our future I would like to share with you at the end of this address.

And so, I invite you to use your imagination with me. Let's go back in time and visit with our founding members just around the corner at our first office at No 4 Hanover Street. As best I can determine, this is how the street looked from a lithograph done at the time at the corner of Exchange Place and Hanover Street.

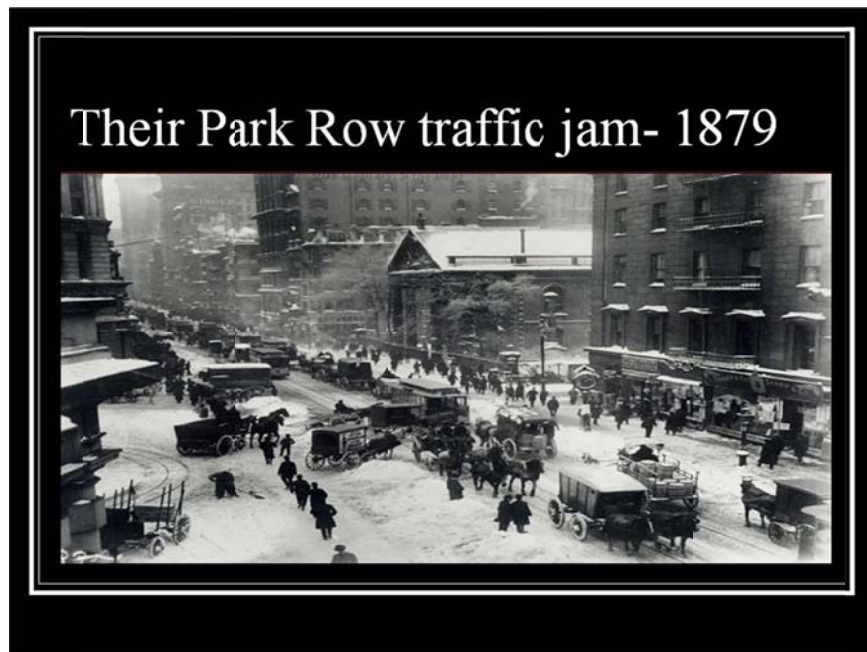


Before we go in and meet some of our founders, however, I thought it might be useful to take a tour of our neighborhood, circa 1880: Let's start on the West side and work our way east:

❖ Their West Street, along Hudson docks



❖ Their Park row, with traffic jam



❖ Their Wall Street

Their Wall Street

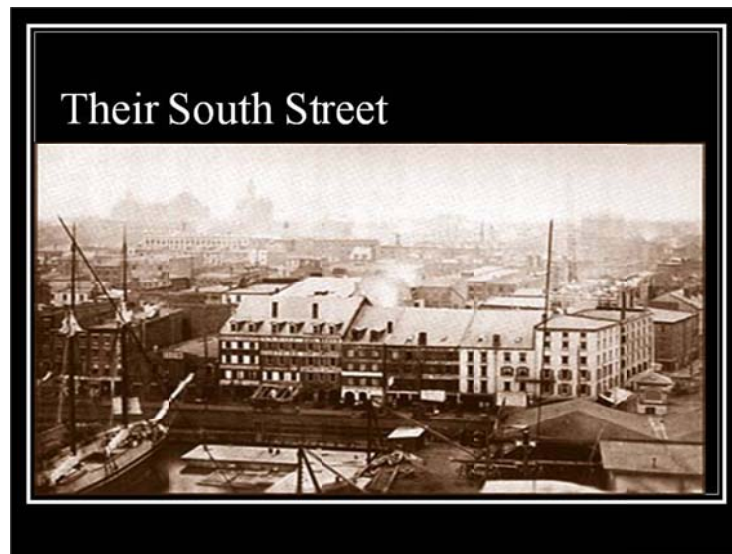


❖ Their Battery and Harbor

Their Battery Park 1885 (Andrew Melrose, painter)

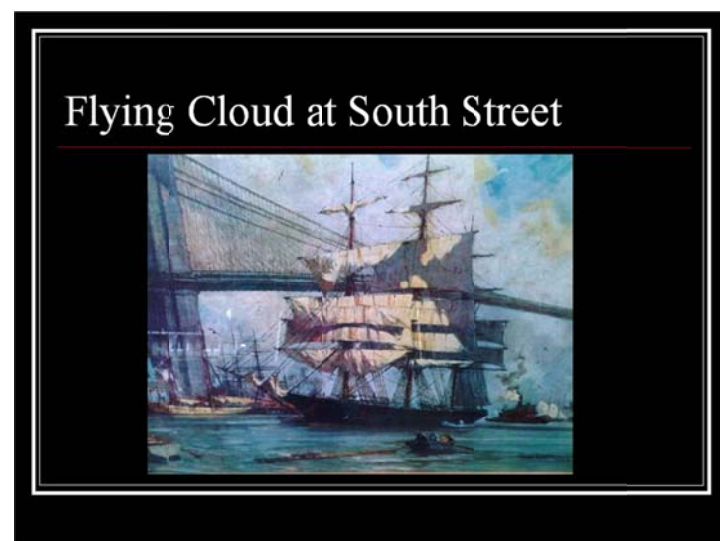


❖ Their South Street



Their neighborhood was in fact a very busy seaport. Most economic activity in the city stemmed from the shipping and shipbuilding trades prevalent here. Marine insurance was the dominant form of indemnity since 1840. The American flag fleet expanded so rapidly, that over 75 insurance companies had been formed and organized in sea-ports up and down our eastern coast. Ship-owners would deal direct with these Insurers who often maintained offices near the docks, the most prominent of which was South Street. There the air smelled of tar and ropes and every trade imaginable. Horse drawn cargo trucks were followed by hungry birds into the streets of the city.

This was the age of the clipper ships. From their first launching in 1845, clipper ships ruled the seas for two decades. These sleek and fast sailing cargo vessels set sailing records between New York and San Francisco around Cape Horn. A frequent visitor to South Street, in fact, was the greatest clipper of all, The Flying Cloud, owned by a New York Firm. The vessel dominated the California and China trade routes for many years.



Propelled by these fast new ships and the discovery of gold in California, American tonnage quadrupled between 1845 and 1861. Frequent losses fueled the demand for Average Adjusting services. According to the records of Johnson and Higgins, at the peak of activity, that firm alone employed 100 Average Adjusters.

Contracts were usually simple affairs and the need for insurance brokers was not yet appreciated. In fact the use of brokers often resulted in a firestorm of protests from underwriters. In 1868, a famous pamphlet was signed and circulated by twenty six underwriters based here. Here is a wonderful exchange between an Insurer and a Broker:

Insurance Company:

In New York, we are trying to destroy the brokers, and if it were necessary, to allow a rebate of 50 percent (to the Insured) to destroy this horde of vampires.

Broker:

As a last resort, several companies have entered into a secret compact to destroy the brokers by trying to do business with the Assured direct and giving him a rebate...they run around and tell wonderful stories of the terrible doings of the brokers...

As the unappreciated brokers scuttled to and fro in the dark, the Average Adjuster flourished in bright sunlight. It is well known that marine insurance was the first and predominant form of insurance historically. We also are familiar with the tradition in this country of insurance brokers employing average adjusters in their ranks. History reminds us, however, it was the average adjuster originally in the forefront who first employed insurance brokers thereby allowing them their day in the sun, which continues to this day. Sadly, today it is the Adjuster whose days have darkened, who's body of knowledge and experience hundreds of years in the making, is at risk.

The 19th century maritime boom continued for the most part unabated in New York. The founders had prospered to be sure, but had lived in a tremendously tumultuous era. They had lived during the Civil War, and bore witness to the horrendous draft riots in the city, much of which took place on nearby docks. Some may have even fought in the war.

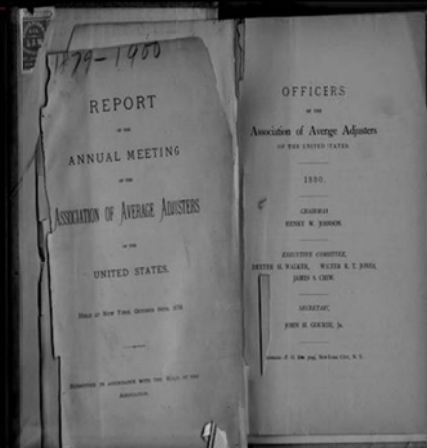
The clipper age slowly gave way to the Iron Steamship. These vessels were able to transport more cargo, quicker and cheaper. They spawned an entire new industry in shipbuilding, tooling, and maintenance. For a while the clippers and steamships co-existed, as illustrated in the following wonderful painting by Andrew Melrose of New York Harbor.

Two Ages: Steamer with Clippers (off south street) 1885



It is in this period our Association came into being in October of 1879. This is our first annual report.

Annual Report October 1879



Our last stop on our "tour" is No. 4 Hanover Street.

Our "Sanctum Sanctorum"



Our Library, offices and meeting room were housed here from 1883. These photographs of the marine department of the Fireman's fund and the St. Paul Insurance Company in New York, might give us a good idea of what our offices were like.

Marine Department of Fireman Fund, 1890



St. Paul's Marine Department office in New York – 1890



We leased the entire 3rd floor for \$400 per year. There was a large room with a stove which housed our meeting area and library. Most likely gas lamps had by then replaced the sperm-whale candles. Visitors and members alike were encouraged to visit during business hours. Arbitrations were often held here as well, and it became an informal meeting place for ship-owners, brokers and underwriters.

In accordance with the custom of the day, portraits of full and honorary members were often commissioned by other members and presented at special meetings of the Association. They were probably hung in the main room.

Here are some of those portraits:

Henry Wade Johnson and Walter Restored Jones

Henry W. Johnson and Walter Restored Jones



Their photographs are combined, as in my mind these two gentlemen seem to stand out as the moving spirit of the Average Adjusting community in New York from the mid to late 19th century. Johnson was born in Hartford, and made his way to the city as a teenager in search of work. Of the two partners, Johnson proved to be the more assertive of the two, and would lead the firm for 30 years.

Jones had an interesting middle name which he shared with his uncle by the same name who in fact was the President of the Atlantic Mutual for many years. The middle name Restored was thought up by Walter's grandmother who had lost a son named Walter in childbirth. With her next son, she exclaimed "Walter is restored to us!" and the name was passed on. He was of Welsh ancestry and came from a family of insurance men and merchants who settled on Long Island.

Henry W. Johnson and Walter R. Jones were lifetime friends and colleagues, having met in their training days at the Atlantic Mutual Insurance Company, established in 1842 as a stock company. They were both clerks there. They spent a good deal of time studying contracts and policies, and gaining experience in the handling of General Averages. In 1845, they left the Atlantic and hung a shingle at 91 Wall Street, and practiced Average Adjusting and to a limited extent, insurance brokerage.

90 Wall Street – Johnson & Jones



Roll top desks: 90 Wall Street



The records of the Atlantic Mutual in 1855 indicate they had between just the two of them, adjusted 66 cases. The cases involved 6 brigs, 15 barks, 3 steamships, 24 schooners and 18 ships. They were only 25 years old. They wore thick beards and mustaches to hide their youth.

Oddly, during this success, Walter decided to leave the partnership and go off on his own. We do not know the reason why. All we do know is that Johnson turned to an ambitious clerk in the firm, A. Foster Higgins. The rest was history, as Johnson and Higgins went on to become a respected giant internationally for years to come.

Years later, and sadly just a year or so before his death, Henry was elected as our first Chairman. With 11 other members in attendance, he opened our first meeting on Tuesday, October 14th, 1879. On that date, we had borrowed an office from the N.Y. Board of Marine Underwriters at 51 Wall Street. From the start, we had worked closely with that organization, and a joint committee of arbitration was formed from these two associations. Disputed Average losses were referred to them. This calls to mind our recently rekindled association with the American Institute of Marine Underwriters.

Walter became Chairman less than a month after Henry's untimely death in September 1881. He eulogized his old friend and former partner at the second annual meeting:

There is no doubt but that his assistance was freely rendered, and that his counsel was of value, in the formation of this association. He had a high opinion of its necessity and expressed much pleasure on the completion of its organization. What was well founded with his living aid should be considered as cemented by his death so soon thereafter."

Walter went on to describe efforts at passing the very first rules of practice on the contributory value of freight, allowances for master and deck load jettison. I found some of the arguments for and against to be quite interesting as it sheds light on the political pressures the new Association faced in attracting new members outside of New York and its particular way of practice on certain issues:

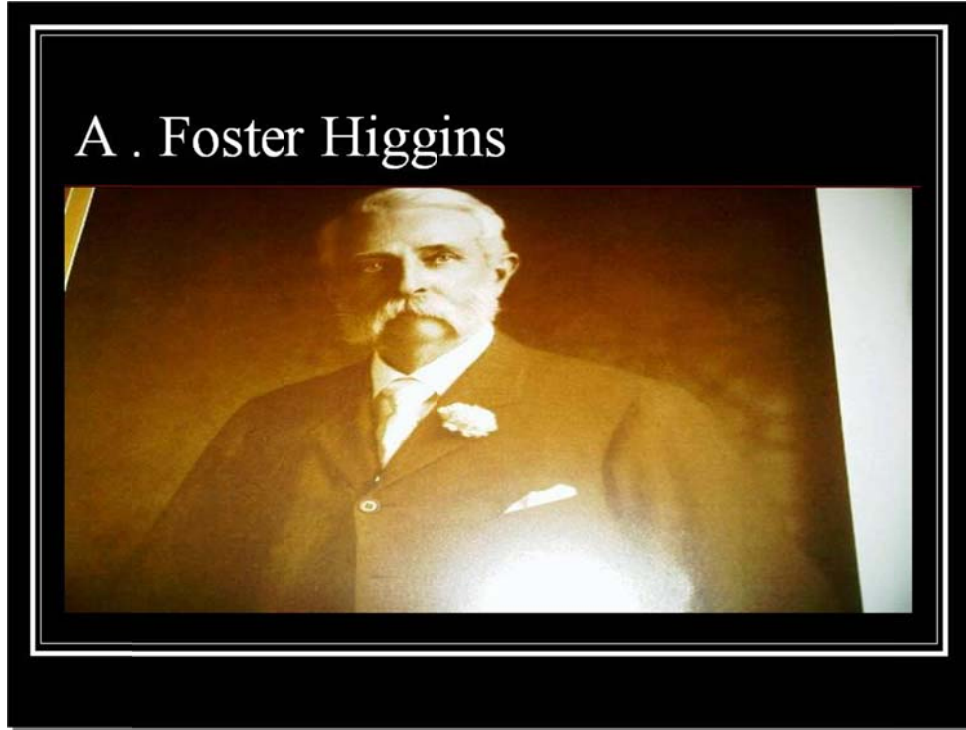
"The great object of this Association is to secure uniformity of practice among our members, and the Average Adjusters of the country. One of the most notorious differences is upon the subject of freight. In fact, when our Association was formed, some of our brethren of the neighboring cities considered this an almost insuperable objection to their joining the Association, probably feeling some embarrassment might arise by reason of some action on this question."

Here Walter R. Jones is alluding to the problem of attracting new members from the northern and southern coastal cities. Our Association was a New York entity, but we quickly realized we would need to reach out to Adjusters elsewhere in the country if we were to be accepted as a truly national association.

The difference in practice on establishing the contributory value of freight was different in Boston in particular, and was an advantage to ship-owners there. Adjusters there had no desire in being called to task by their clients by being restricted by the newly proposed rule of practice. This is the reason the rule of practice on freight, number XIV was not adopted until 1913 as Rule XIV, which is still in use today.

They were called Public Adjusters, and there were many of them practicing along our seaboard and working directly with the newly formed Insurers at the ports. They were all drawn to the marine boom and often handling non-marine cases as well. There was no set practice and we can infer that standards and ethics were in some cases questionable. Correcting this was the driving reason behind our formation.

A. Foster Higgins



Foster Higgins was a southerner from Georgia whose family of well to do settlers included a grandfather who was a general in the revolution. Born to privilege, he attended private schools in Georgia and eventually moved here to attend Columbia University. He was forced to leave Columbia when his family suffered financial setbacks. He took one of the first jobs offered in the city, that of a clerk when he joined Johnson and Jones. He left for a while and joined the Atlantic Mutual run by Walter Jones, Sr., before returning to Jones and Johnson in 1851. Two years later at the ripe age of 22, he was made partner to replace Walter. During the Civil War, Higgins sympathy lay with his home state of Georgia and to the south. His partner Johnson was a New Englander. Somehow the partners rose above extreme tensions over the war, and kept their differences from breaking up the firm.

Higgins was a member of our Association from its earliest days and at our second meeting put opened a discussion on the question of master's wages being charged to the general interests, or against cargo when the voyage has been abandoned. In 1887, Higgins left the day to day operations of the firm while retaining part ownership. He was to become one of the most famous financiers of his time. J.P. Morgan enlisted his help to resuscitate various banks, including the Knickerbockers Trust Company. He was elected our Chairman in 1888.

I found an interesting anecdote on Higgins. In 1850, while still a clerk at The Atlantic Mutual, he drafted the "Candle petition." Many offices of the day were lit by sperm-whale oil candles which strained the eye. Higgins and 14 clerks respectfully signed a petition asking that "gas lights be

installed at their desks. Aside from the injury to our eyes, a great saving could be effected in the cost of lights by the use of gas." Management agreed. Their future would be even brighter. In the same month of our founding, Thomas Edison lit his first light-bulb using a carbon filament that burned for 13 hours. Edison would eventually build his first electric power plant on Pearl Street and good lighting was had by all.

John D. Jones

John D. Jones was our first honorary member. I have little biographical material on him other than he spent 60 years as one of the most well respected marine underwriters in New York. He served under Walter Jones Sr. as Second Vice at the Atlantic Mutual.

I have chosen him out because of what other members said about him. In December 1885, about 50 members attended a very moving special meeting in his honor at number 4 Hanover Street. The admiration and respect these gentlemen had for their profession and each other jumps from the page. Many had worked together for 50 years. They gathered to view a portrait of our first honorary member, Mr. Jones D. Jones. Full member Mr. Telfair first rose to speak under the portrait he was about to present:

Mr. Chairman:

"... I knew that you would be greatly pleased to have this portrait of our only honorary member, Mr. John D. Jones...I have been in business now going on 39 years, first as a clerk with Thomas Cazneau, Average Adjusters and later with the eminent firm of Johnson and Jones. We have had in this association a few members who have passed away, and it is to be regretted that we never let them know fully in life how much we appreciated them... I might mention others, but we have John D. Jones with us now, strong and healthy yet, and I want to make it pleasant for him now, and let him know that we love him for what he is , and to thank him for all he has been to us..."

In reply Chairman Dexter Walker accepted the portrait and spoke.

"It becomes my very agreeable duty on behalf of this Association, to accept this portrait at your hands... We have hung it upon our walls, under the blazing canopy that all may see and know him for all time. Here in this hall sacred to us... in this "sanctum sanctorum" – here we leave it to our children's children, as an inheritance from us... "

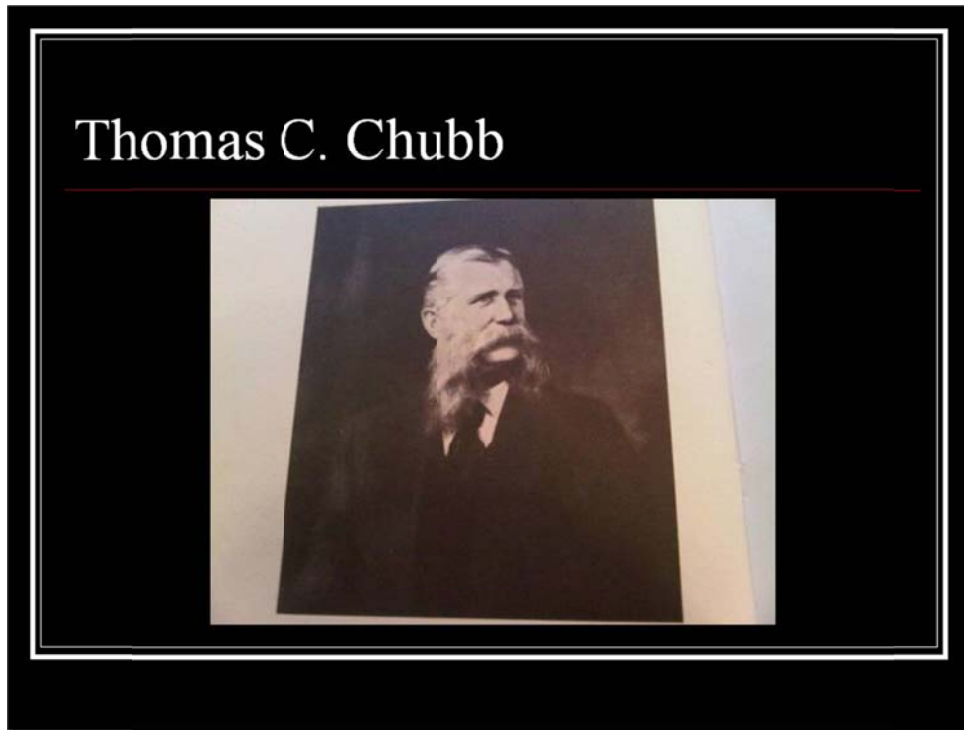
Mr. Jones then spoke:

Mr. President and Gentlemen

"I am honored by the expression of friendship to me, and yet I am embarrassed..... my sympathies for the Association and my friendship for its members are so appreciative, that I feel quite at home when I visit these walls.... such a reputation will add dignity and brilliancy to the biography of any individual whose portrait is hung on the walls of this

Association... I have been in Wall Street as you all know for about 55 years and always in the underwriting business and everyone around me here has grown up in my sight and you look to me like my boys and members of my own family- in fact you are all my children."

Thomas Caldecot Chubb



(Is it me or were Average Adjusters more handsome in the 19th century?)

Thomas Chubb was elected in as a full member at our first meeting in 1879. He was born in London and came to New York via Australia and then San Francisco. With his son Percy, he founded the firm that still bears his name. Two years after our founding, Thomas and his son Percy collected \$1000 from each of 100 prominent merchants to start a marine underwriting business at the seaport. They focused on the ship and cargoes. Chubb would establish strong relationships with brokers and the original subscribers soon enjoyed a good return on their \$1000 investment.

They had hit upon a Lloyds type enterprise which they called the New York Marine Underwriters. This is the direct ancestor of the Chubb Corporation of today. Unlike Lloyds, the initial 100 subscribers did not make Underwriting decisions; they were content to simply collect profits.

In 1892 they purchased land and erected a building at 5 William Street. Here is a group of

employees standing out front. We actually know the names of the first three, left to right; they are Mr. Siebert (policies), Mr. Philips (outward lines) and Mr. Allen (reinsurance).

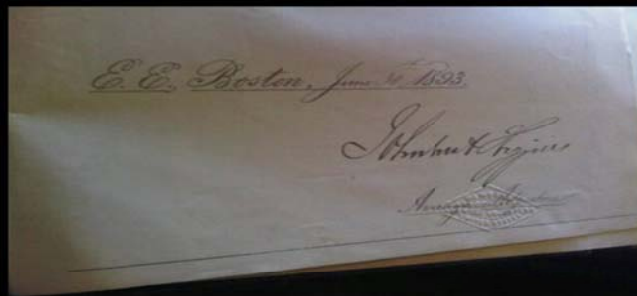
New York Marine Underwriters



Dusty Average dated 1893

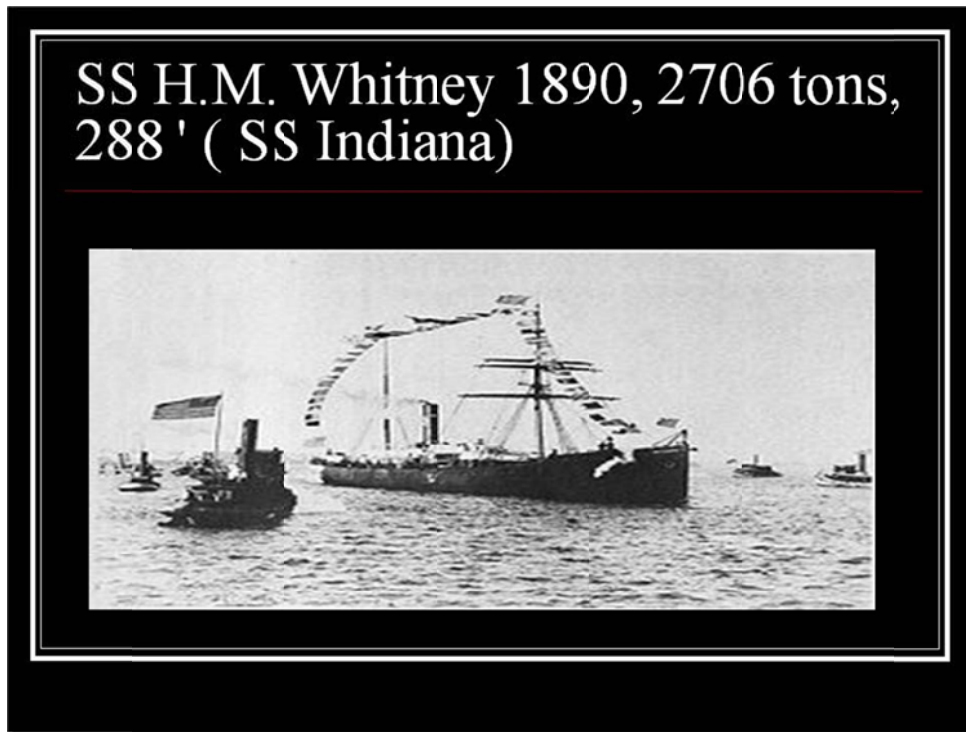
We have ended our tour and introductions to some of our founders. I would like to share with you now an actual adjustment from this era dated 1893.

"Henry M. Whitney", c/w "Ottomon" Statement of J&H, dated 1893



Sadly, there are precious few adjustments that survive today. Thanks to our own Jonathan Spencer however, we have on loan one here today. It is handwritten in a script style that is as beautiful as it is steady throughout 469 pages. It is one of 12 copies made from the original by the lithographer and printer A.W. White and Co. This particular copy was received by a hull underwriter on the risk, The People's Fire Insurance Company. On this settlement page, just under the signature you will note our very same Association stamp in use today.

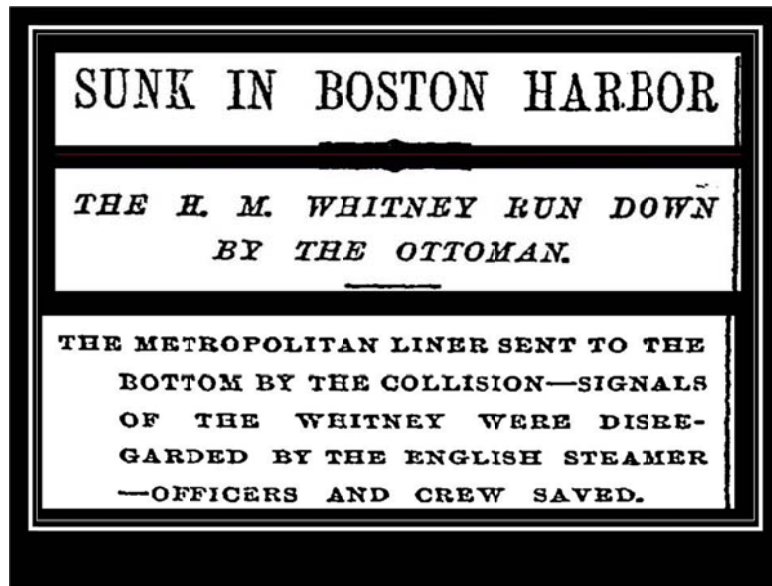
This was a well publicized collision between two Iron Steamships- the "Ottoman" and the "Henry M. Whitney." On September 28, 1892, Johnson and Higgins were appointed as adjusters by the owners of the Whitney. As near as I can tell, this is what she might have looked like. This steamer "Indiana" was of similar size and tonnage.



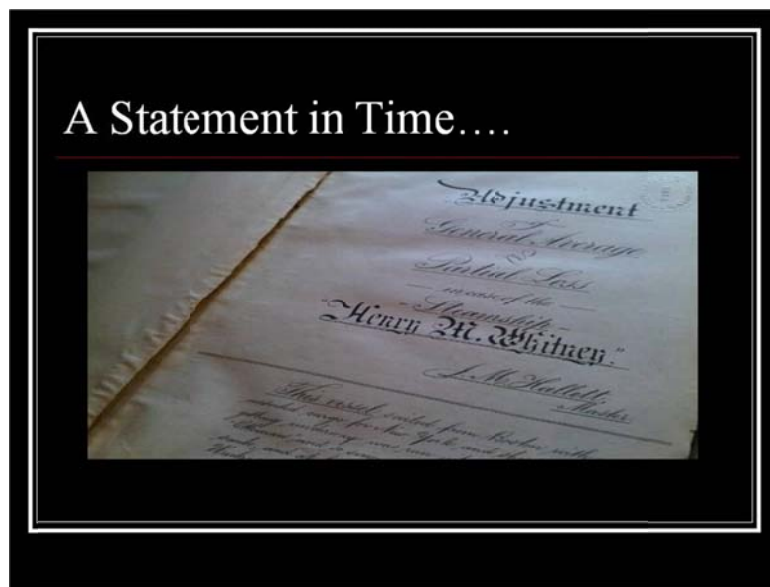
The "Whitney" had sailed with assorted cargo bound for a routine trip to New York. Shortly after underway at 6pm, she was run into by the inbound steamship "Ottoman", owned by the British Warren Lines.

The "Ottoman's" captain had been detained by quarantine authorities during the day, and he was evidently determined to regain time and dock in the city before dark. Captain Hallet on the Whitney had right of way and signaled this with two whistles indicating she would keep to starboard. The "Ottoman's" Captain replied with one whistle indicating a reckless intent to cross the Whitney's bow at all hazards. Captain Hallet anticipated the hazard and ordered 4 bells, throwing the engine in reverse at full speed, racking the machinery. It was too late as the "Ottoman" plunged two great holes in the starboard side, just aft of the fore rigging. The Ottoman sustained severe plate damage as well, but was able to steam up harbor and anchor in the stream. The Whitney's watertight doors kept her from sinking immediately, and the 37 crew

safely disembarked before the bow settled into the mud of the harbor, stern in the air and listing heavily to starboard when it came to rest.



The next day's newspaper account reported that the "Whitney" had been built by Cramps Shipyard in Philadelphia in 1890, was an Iron Steamer, 2706 gross tons, 288 feet long, with a 43 foot beam. She was fitted with the latest triple steam expansion engines, and could make 18 miles per hour. The account goes on to say the "Whitney" was the jewel of the Metropolitan Steamship Company, one of the oldest and respected lines in the country. The vessel's namesake was Henry Whitney of Boston, Metropolitan's President for many years.



Turning to the Statement, The Boston Towboat Company took on the role of salvor, or wreckers as they were called. They dispatched tugs and began lightening cargo at midnight. The vessel was raised and brought to Constitution Wharf where her cargo was discharged. At the request of Johnson and Higgins, the vessel was surveyed on Simpson dry-dock that fall by Oliver Shaw and R. Candage, Surveyors.

Cargo was various, from shoes to furniture and everything in between, including Boston lobster and rum. Some was lost at the time of collision but most was extensively damaged and sold at auction. An appraiser, Charles Dillaway was appointed to survey the cargo and provided a detailed report on sound and damaged condition. His report is very precise, and took up 140 pages. For all that work, his account only totaled \$522.

Expenditures at Boston follow and are apportioned between Collision, Particular Average, General Average, and Owners. The largest disbursement was for permanent repairs by The Atlantic Works for \$34,721 which included \$19,327.20 for boilermakers installing new boilers. The Adjuster notes that "the sudden submersion of the boiler after the collision injured the joints and cracked the steam boilers." I was curious to find if there was a disbursement for damages sustained to the engine following the order of 4 bells when the engine was thrown in reverse. If one existed, I wondered about its treatment in General Average. Evidently whatever damage was done was overshadowed by the seawater damage.

There is an account for bottom painting in the amount of \$916.84 all of which is charged to Particular Average, as this was prior to the practice of restricting paint charges in Particular Average.

On Page 18, a certificate from the National Board of Marine Underwriters sets the award at \$16,500 for raising and delivering the vessel and cargo to dock. General Average was charged primarily with this award, together with stevedore charges at Boston, and 4 days Wages and Provisions of Master and Crew at Boston.

Partial loss totaled	\$67,909.19
Collision claim	\$12,430.19
General Average totaled	\$26,964.13

A ship engineer, Oliver Shaw appraised the vessel at Simpson's Dry-dock at \$136,000. Freight at risk was determined to be \$1740 less earned of \$811 and a deduction of ½ deemed customary. Freight CV came in at \$405. Cargo's contributory value, including allowances totaled \$44,006.

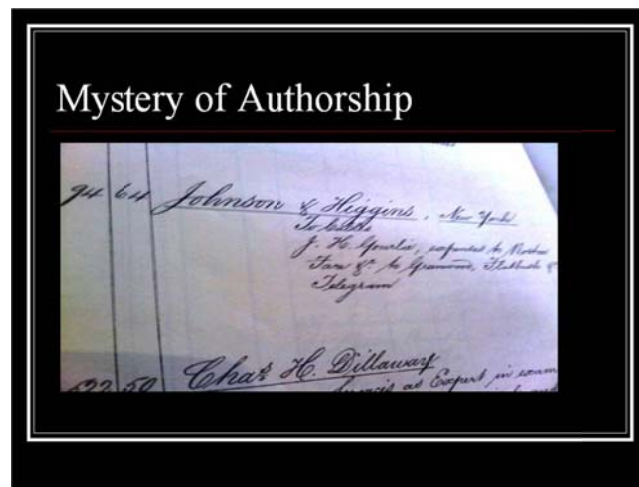
Insurers of the Vessel paid Vessel share of GA	\$20,346.70
Particular Average	67,909.19
Legal suit against Ottoman	6,051.00
Legal defense, 3/4 th	491.00
Total on Hull Insurers	\$94,799.19

The Peoples Fire Insurance Company, whose copy we have here today, paid their share we

assume of \$1,184.99.

A handwritten note by the claim examiner at People assigned the loss to their Policy number 1630. The examiner left penciled tick marks next to many disbursements indicating his agreement. In some cases he left notes indicating supporting vouchers were missing occasionally, a large question mark would appear, perhaps indicating his unhappiness or intent to question an account.

This Statement of General and Partial Loss was signed simply with the signature of Johnson and Higgins, Boston, June 30, 1892. This generic signature left me curious as to who actually adjusted the case. So, I set about doing simple and old fashioned detective work.



Luckily, as I carefully turned the brittle pages two names jumped out that seemed familiar. The first was Mr. J. P. C. Winship whose name appears on page 12 as a notary to an affidavit on the damaged cargo. This is the same Winship who attended our very first meeting. Yet, mysteriously his name suddenly disappears from our rolls in 1883.

Winship probably lived in Boston most likely as an Adjuster, and included services as a notary obviously. Inasmuch as it was the J&H Boston office that signed the case, it could be that Mr. Winship was employed there and at least was involved in the case to some extent.

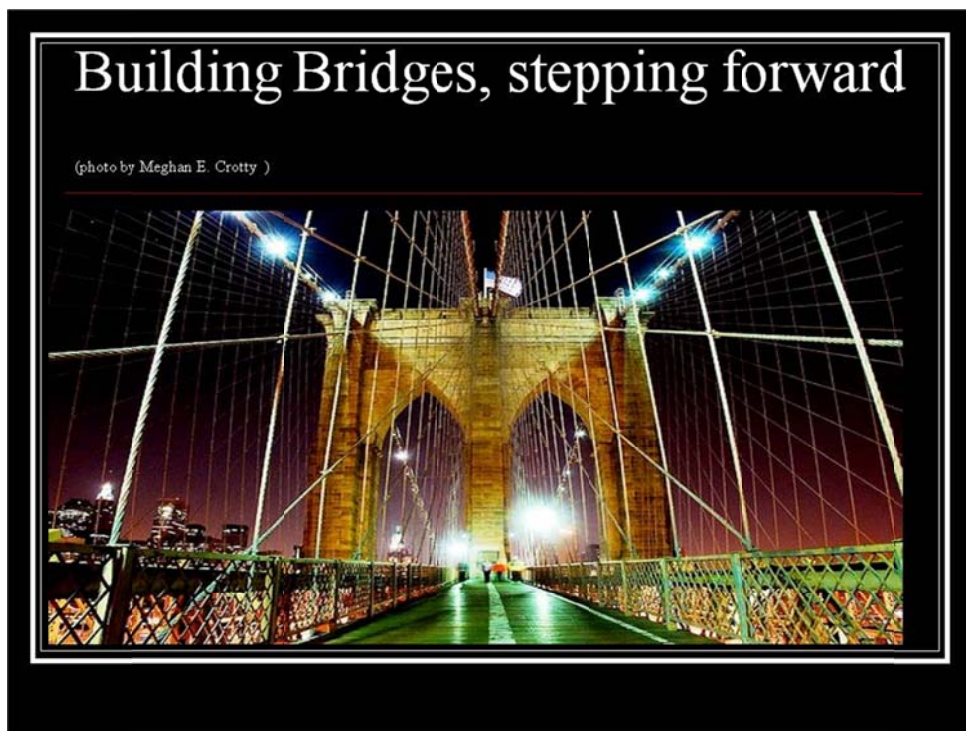
A more likely candidate however, makes an appearance on page 346 where a disbursement from J&H, N.Y is entered covering travel and communication expenses of one Mr. John H. Gourlie from New York to Boston. Charges totaled \$94.64.

I have come to the tentative conclusion that John Gourlie was the author of this Adjustment. Unlike Winship, he was still very active in our Association, indeed he was our Chairman at the time. He was also a director at Johnson and Higgins, New York and had published a well known book entitled "General Average" as a young man. His technical expertise in General Averages is evident in his address. Most telling is his disbursement in traveling to the Boston office on the case.

He was the son of Archibald Goulie, a well known insurance broker. He was the original settler of an area near Greenwich called Bellehaven where he built several residences. Later in life he erected an estate called Kincaig, a magnificent brownstone on Mead's point. He had three daughters. He was our very first secretary and became Chairmen in 1892, the very same year this Adjustment was published on June 30th. John also was active in the Lawyer's Club, the New York Yacht Club and the Downtown Club.

By 1900, his health was failing and he retired from J&H. His first wife either passed or divorced. He went traveling around the world with a nurse, a Miss Dumont, leaving his daughters at home. Returning from an extended stay in Egypt, he announced to his shocked daughters that he had taken Miss Dumont as his wife. Sadly, however his health never did improve, and he left behind his new wife and daughters from the earlier marriage. He was only 51.

Building bridges and stepping forward



Returning to present day, let's look to the future now.

The minutes of our founders reside in the dusty and fragile collection of old bound books which have sat on the shelves of our library for decades. It was refreshing to escape the internet, to sit down and read them in detail. It gave me a sense of listening in on their debates and concerns, and their highs and lows. At times, it even felt as if I was eaves-dropping on them. I don't think they would mind. I think they would remind us that their perspective might even provide us with a fresh and powerful new resolve to face changing circumstances and adapt. In this way our

founders become re-enrolled in our diminished ranks, and can speak to us today. Humbly, this is what I imagine they would suggest to us:

First I think they start by telling us they founded this Association with a mere 12 members. A sociology study from Cornell University in 2003 points to our Association as the very first professional finance organization in the United States. They would remind we are the custodians of a knowledge base hundreds of years in the making by hundreds of members.

True, they had jobs; we do not. They benefited from a surplus of local jobs from robust shipping activity centered only blocks away, and along the entire eastern seaboard. Many of the jobs which fueled our Association and its original purpose are no longer here. Associations such as ours spring from a vibrant job market; they wither alarmingly quickly without one.

In spite of that disadvantage, or more to the point, because of it, I bet they would refer us to the Serenity Prayer. In it, it speaks to accepting those things which can't be changed and to focus instead on those things within our control. We can't recreate the shipping boom of the mid to late 19th century. But we can shift our mission toward the goal of retaining our knowledge base and attracting enough young people to ensure we remain a proud and relevant organization. We know we must, for if we are allowed to go by the wayside, ship-owners, brokers, and underwriters will all find themselves in an industry with no compass, no experienced professionals adept at the complexities of marine claims.

Equally as important, we must aggressively begin to attract candidates for junior membership. And especially now, the marine claim professional designation could be immensely valuable to the marine insurance community, particularly Insurance companies in need of competent claim examiners.

To be sure, steady progress has been made along this new path we find ourselves on. We have established the marine claims professional designation, an ad hoc education committee, updated our web site, and some of our members have taught at St John's University.

Of particular importance, has been the increasing collaboration with AIMU under the innovative leadership of Mr. Jim Craig. Jim has also generously extended the use of his office on many occasions for our various meetings. His educational initiatives for the market through webinars, seminars and classroom instruction provides a wonderful platform for us to share with the market our knowledge and experience. It provides a stage from which to interact and stay relevant to the market. This is one way to attract young professionals to the marine claims designation. We should explore other avenues.

And so more, always more, needs to be done. If there were ever a time we need volunteerism from all our members, retired or employed, it is now. We need urgent help and cooperation from insurance companies and brokers for the reasons discussed above. Volunteerism with a can-do attitude becomes contagious. I urge you pledge some of your time and energy on this worthwhile and proud organization. I for one am available for any posting I can be of assistance with.

The recent discussions between the Canadian and American Association have been reported on

by your executive committee. Most recently, at yesterday's business meeting, full members approved in principle ongoing discussions with a view of merging their Association with ours. This is a very positive development and a great example of building bridges with our friends in other Associations.

This development yesterday leads me to another point our founders can speak to us about. They would remind us all that our founding was in large measure a provincial affair. You recall they were concerned about uniformity of practice between cities on our east coast. We however, live in a global economy and need to adapt. That is a tall order if not impossible for any individual Association with a critical mass that is shrinking at alarming rates.

I would like to suggest an idea that I must confess I have not thoroughly explored. Perhaps that is just as well for today's purpose to paint with a broad brush. It is the concept of an International Holding Association, whose aim would be to provide both the framework and the critical mass with which to adapt, and stay relevant to marine insurance markets worldwide.

Associations would remain in existence under its umbrella together with their existing by-laws and rules of practice. The Holding Association would have a representative executive committee with say two members from each Association or "Hub."

The Holding Association would have a global outlook and mission. The Holding Executive Committee, meeting by web and or video conferencing, would be staffed by representatives from each member Association. I would imagine proportionate dues being pledged from each member. The dues charged would be based on the size of the administrative role the Holding Association was to take on in the areas of testing, mentoring, seminars, etc. I envision a master By-Law for the Holding Group, with Member Associations keeping their proud history, by-laws, and rules of practice in-tact.

With critical mass, comes flexibility and the ability to focus resources. For example, we know that in the United States our best hopes seem to lay with attracting marine claims professionals. Resources and efforts could be coordinated and focused there by the Holding Executive Committee. In other parts of the world, where the development of full senior Average Adjusters has a chance, resources would be directed there.

I am sure this idea is not without roadblocks and problems that I have not considered. But, respectfully, I would hope the incoming executive committee gives it some traction by initiating discussions with our colleagues in other Associations. Indeed, if this idea or any other bridge building tactic strikes a chord in our visiting foreign dignitaries, let's begin to informally discuss it during your stay with us.

I opened this address with John's Gourlie's opening remarks at our 12th meeting in 1895. It seems fitting to also conclude my address, borrowing his closing remarks.

".... A word and I am done. I trust my remarks will not be deemed out of place if I remind you gentlemen of the importance of the work entrusted to our hands. In many matters of commercial law the adjuster is the court of first resort. To him come the freshest, the most

novel questions for first elucidation. The few illustrations of the Rhodian and other ancient laws of the sea may have served the commerce of the Mediterranean but the leviathans of the Atlantic flying like the shuttles of some huge machine and spinning the web of commerce from shore to shore, present questions of adjustment and insurance never dreamt of before their advent. May you gentlemen continue to bring to their elucidation in the future, the same intelligence and keenness of perception that has served you in the past, recognizing the rights of the underwriter as well as the assured... I thank you gentlemen for your patient attention and will presently invite your attention to the choice of my successor. In the language of the marine protest, eight bells have struck and it is time to change the watch. “

A further word and I am done as well.

I want to thank all the members of the Executive, Membership and Nominating committees for all of their contributions this year. Please permit me to single out a few for special recognition.

I want to start by thanking Mrs. Liz Arnold from Noble Denton along with our past Chairman John Poulson, who has been so generous with their time in supporting our Dinner arrangements along with other logistics for years now.

I want to thank our able Secretary, Eileen Fellin for all of her ongoing service since 2001. Eileen is only our 14th secretary since the founding. I have had the opportunity close up to watch her as she brought a discipline and order to our affairs. And she has had to deal with a myriad of personalities, not the least my own. As you know we retain our offices now in her home office on Long Island. I would like to hereby go on record that I am not adverse to any member commissioning my portrait, provided of course Eileen does not mind it hanging for years to come over her home office desk.

Thanks to Ray Miles, our able Executive Chairman who has been steady in leading us for three tough years in a row, not to mention prior postings on our committees. Ray has long been a pillar of this Association and his contributions will be sorely missed. He will be taking a well deserved break but hopefully for not too long.

And to Jonathan Spencer, who for years now has brought so much intelligence and energy to our Association. As he leaves the executive committee, Jonathan has generously pledged more of his time on our membership committee going forward.

Lastly, I would like to thank our past Chairman and my first boss, Mr. K.H. Mao. Thank you for your sharp insights and contributions to this Association for decades now. K.H. hired me at Frank B. Hall fresh out of N.Y.U in 1979, with promise of fame and fortune. It was there I met Richard Carney and Kevin Kearney, also life-long friends and colleagues. They remain on the executive committee and I wish them all the best.

Just as our founders appreciated their life-long colleagues and friends, I assure you, I treasure and value all of you.

Would you join me in a round of applause for all of these folks?

Lastly, I want to thank all of you, for this honor you have bestowed on me this year. It has been a humbling experience to follow in the footsteps of these honorable founders. I do not pretend to wear the same size shoes. But we can hope that one day, say in the year 2140, a member will read these minutes and nod with some degree of approval and acknowledge we had a sense of our own history but more importantly a sense of our destiny. And they will know we did not shy from attempting to preserve a very important legacy – that of the Average Adjuster.