

No. 17.

New Zealand, Dominions, No. 98.

MY LORD,—

Downing Street, 13th February, 1918.

With reference to my telegram of the 21st May, 1917, I have the honour to state, for the information of Your Excellency's Ministers, that it is the wish of His Majesty the King that His Majesty's birthday should be observed this year on the actual date—namely, the 3rd June. His Majesty desires that in the matter of ceremonial observance the precedent of last year shall be strictly followed in all respects.

I have, &c.,

WALTER H. LONG.

Governor-General His Excellency the Right Hon. the Earl of Liverpool,
P.C., G.C.M.G., M.V.O., &c.

No. 18.

New Zealand, Dominions No. 152.

MY LORD,—

Downing Street, 13th March, 1918.

With reference to my despatch, Dominions No. 264, of the 27th April, 1917, I have the honour to request Your Excellency to inform your Ministers that His Majesty's Government have decided to amend the scheme of the war-risk insurance of cargoes by abolishing the flat rate, and insuring cargoes at rates graded according to the risks of voyages.

2. A copy of a notice giving particulars of the new arrangements is enclosed.

I have, &c.,

WALTER H. LONG.

Governor-General His Excellency the Right Hon. the Earl of Liverpool,
P.C., G.C.M.G., M.V.O., &c.

Enclosure.

(Reprinted from the *Board of Trade Journal* of 28th February, 1918.)

WAR-RISK INSURANCE OF CARGOES.—ABOLITION OF THE GOVERNMENT FLAT RATE.

It has been found necessary to modify the original plan of Government insurance of cargoes against war risks, which has been in operation since the early days of the war. The flat rate will be abolished, and cargoes will be insured at rates graded according to the risks of voyages. A branch of the War Risks Office is being established at 53 Cornhill E.C. 2, for the purposes of the new scheme, and will be opened shortly. It will be remembered that upon the outbreak of hostilities an emergency War Risks Office was set up in the city and administered on behalf of the Board of Trade by an Advisory Committee consisting of underwriters and insurance brokers with legal experts and official representatives. At first this Office had its quarters at the Cannon Street Hotel, but later a home was found for it at 33-36 King William Street, London E.C. 4. The Chairman of the Advisory Committee was, and still is, Sir Douglas Owen, formerly secretary of the Alliance Marine Insurance Company, and a member of the Inner Temple.

The Original Scheme.

It was obvious both to the Government and to the insurance market that in August, 1914, a method simple in operation and capable of being administered rapidly was the first requisite. Speed and simplicity were essential, for the maritime business of the country had to be carried on free from insurance delays and at the lowest possible cost. It was also held to be important that the new system of covering war risks should be kept distinct from the insurance of marine risks so that the ordinary machinery of the insurance market might be kept in being. Without a free market for marine insurance after the war British sea-carrying business could not be carried on. Though the original scheme must now be modified it served its immediate purpose very well. It was laid down that cargo carried in a British ship could be insured against war risks at a flat rate of premium provided that the ship herself was insured under the Government's parallel scheme for hull-insurance. This proviso was made in order that the movements of the ships might be under control. The Government took the whole of the war risk on cargoes offered to it and received the whole of the premium. The rates of premium were flat rates, and no account was taken of the nature of the voyage. Cargoes shipped by comparatively safe routes paid the same rate of premium as cargoes shipped by dangerous routes. There was no compulsion upon shippers