

OFFICIAL ORGAN OF THE INSURANCE FEDERATION OF BRITISH COLUMBIA

Marine Insurance and the Vancouver Local Agent

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Average.

The derivation of this word is very obscure, and some of the text books go to considerable length in order to arrive at its origin. It seems probable, however, that so far as marine insurance is concerned the word is derived from the French "Avarie," and this meaning is shown by the following extracts from the Ordonnance de la Marine of Louis XIV:—

"Art. 1. Every extraordinary expenditure made for ships conjointly or separately, and all damage affecting them from their loading and departure until their return and discharge, shall be reputed averages.

"Art. 2. The extraordinary expenses for the ship alone, or for the goods alone, and the damage affecting them in particular are simple and particular averages; and the extraordinary expenditures made, and the damage suffered for the benefit and common safety of the goods and of the vessel, are gross and common averages."

General Average

In considering the question of general average, it must be borne in mind that it is a liability which arises not out of the contract of marine insurance, but from the common law of the sea, which is applicable to all engaged in maritime commerce. It is necessary, therefore, at the outset to dismiss from our minds altogether the question of marine insurance, and to realize that general average primarily arises out of the contract of affreightment, or as it is more commonly called, the bill-of-lading, which provides that if general average expenses are incurred the owner of the goods shall pay his proportion and that the shipowner shall have the right to hold the goods in order to enforce such payment.

The right to General Average is very ancient and is known to have existed long before the practice of marine insurance. The earliest trace is to be found in the Rhodian Law, which was incorporated in the Roman civil law, and has been preserved in the Digest in the following terms: "The Rhodian law provides that, if for the sake of lightening a ship a jettison of merchandise is made, that which is given for all shall be replaced by the contribution of all."

What is accepted as being the best definition of general average was given by Mr. Justice Lawrence in the case of *Birkley v. Presgrave* in 1801, and is as follows: "All loss which arises in consequence of extraordinary sacrifices made, or expenses incurred, for the preservation of the ship and cargo, comes within general average, and must be borne proportionably by all who are interested."

Time does not admit of any detailed examination of the various principles of this important factor of maritime commerce. It may be well, however, to note certain characteristics which a loss must possess in order to be the subject of general average. First, it must be voluntary, i.e., the consequence of an act and not the effect of a physical cause. Secondly, it must be properly incurred; thirdly, it must be extraordinary in nature, i.e., not an act which the shipowner is bound to perform in the contract of affreightment; and fourthly, it must be incurred for the common interest of ship and cargo and not for the preservation of the ship or the cargo alone.

The following examples will give an idea of what expenses and sacrifices come under the head of general average.

1. A vessel laden with cargo goes ashore in an exposed position and remains fast. Tugs are sent to her assistance and eventually succeed in pulling her off. Had the expense of the tugs not been incurred it is reasonable to suppose that the vessel and cargo would have eventually become a total loss. It is, therefore, simply following out the principles of equity that both ship and cargo should contribute towards these expenses, as they have both benefited thereby.

2. A vessel leaves port in a seaworthy condition with her cargo properly stowed. During the course of a voyage she encounters a very heavy gale which causes the cargo to shift and puts the vessel on her beam ends. She is in danger of foundering, and in order to get rid of the list a quantity of cargo is thrown overboard by which means she is righted, and arrives safely in port with the remainder of the cargo. The jettison of the cargo was an act performed for the preservation of the whole adventure, and the loss is consequently treated as one of general average, and contributed to by all parties concerned.

3. Fire breaks out on a vessel loaded with cargo. In order to extinguish it holes are cut in the deck, through which a hose is inserted and the hold is flooded, the fire being subsequently extinguished. In the course of flooding the hold, a quantity of cargo, which was not itself actually on fire, is damaged. Under the rules of general average this cargo is considered to have been sacrificed in the common interest, and must be contributed for as well as the voluntary damage done to the ship in order to get the fire under control.

4. A ship goes ashore and in an endeavour to float her the engines are worked, with the result that the propeller is broken by striking the bottom, cargo is also discharged into lighters, during which operation some of the cargo is lost or damaged, and finally the vessel is floated. In this case the general average expenses and sacrifices consist in the damage to the propeller and to the cargo, together with the expense of discharging and subsequently reloading it.

(To be continued in issue of April 21)

INSURANCE FEDERATION SECRETARY COMING

An event of considerable importance in business circles generally and in insurance circles in particular in Vancouver will take place on April 23 or 24 next, when the general secretary of the National Council of Insurance Federations, Mr. Mark T. McKee, will be in the city and address the Insurance Federation of British Columbia, which is now composed of something over 350 members.

It will be recalled that last autumn Mr. McKee addressed the insurance fraternity of Vancouver at a luncheon given in his honor at the Hotel Vancouver. His speech was, perhaps, the most notable effort along insurance lines ever made in Vancouver, and created widespread interest. An interesting and profitable occasion may be confidently looked forward to on April 23 or 24. Definite announcement of the date and programme will be made in the press and in these columns before that date.

RECENT FIRE LOSSES.

Squamish, Feb. 2.—2½ N.E. ¼ Sec. 15. Tp. 50; owner and occupant, H. Judd; wood dwelling; value of building \$2,200, insurance on same \$1,500; value of contents \$1,000, insurance on same \$500. Total loss, \$2,800. Cause, stove insufficiently protected. Commercial Union.

Nelson, Jan. 15.—813 Stanley Street; owner and occupant, Nelson Public School; brick building; value of building and contents \$80,000, insurance on both \$63,000. Total loss, \$50. Cause, range stove set on floor with no protection or air space under it. Fidelity-Phoenix, British America, Franklin, Royal Exchange, California, Northern, North British, Mercantile, Nat. Ben Franklin, Brit. and Can. Underwriters, Sun, London, National Fire, Commercial Union, London Mutual, Mount Royal.

Vancouver, Nov. 14.—Rear 1376-13th Ave. West; owner and occupant, W. C. Holtz; frame garage occupied with automobile; value of building, \$25; insurance, nil; value of contents, \$1,200; insurance on same, \$800. Total loss, \$1,225. Cause unknown. Phoenix, of Hartford.

Vancouver, Nov. 15.—C. P. R. Wharf, Pier A; owner, Union S. S. Co., of N. Z.; steel freight boat *Waikawa*; cargo of copra; value of boat and cargo, \$214,000; insurance covered. Total loss, \$30,000. Cause supposed spontaneous combustion; insurance companies, unknown; policies in New Zealand.

West Vancouver, Nov. 18.—Great Northern Cannery; owner and occupant, Defiance Packing Co., Ltd. Watchman's house and equipment; value of building, \$3,000; insurance on same, \$1,150; value of contents, \$7,500; insurance on same, \$4,000. Total loss, \$10,500. Cause unknown. Insurance companies, various, not stated.

Golden, Jan. 31.—River Avenue; owners, C. E. Hamilton and O. M. Chittick; occupant, O. M. Chittick; wood store, bakery and dwelling; value of building \$3,500, insurance on same \$500; value of contents \$5,000, insurance on same \$3,000. Total loss, \$8,275. Cause, overheated stove pipe which ignited ceiling boards. Norwich Union, British America; Liverpool, London & Globe.

Golden, Jan. 31.—River Avenue; owner and occupant, P. Burns & Co.; wood meat market; value of building \$3,500, insurance on same \$2,480; value of contents \$5,466, insurance on same \$5,620. Total loss, \$8,486. Cause adjoining. Liverpool, London & Globe; Factories; Yorkshire.

Vancouver, Jan. 1.—Kingsway and Knight Road; owner, Collins Taxicab Company; taxicab; value of car \$5,000, insurance on same \$2,000. Total loss, \$750. Cause, back fire in carburettor. Employers' Liability Co.

Vancouver, Jan. 8.—Tenth Avenue and Laurel Street; owner and occupant, University of B. C.; three-storey frame building; value of building \$21,000, insurance on same \$17,000; value of contents \$16,000, insurance on same \$13,500. Total loss, \$565. Cause, defective chimney. Norwich Union, Western.

Vancouver, Jan. 10.—1776 Third Avenue West; owner, F. A. Lee; unoccupied one-storey frame dwelling; value of building \$1,000, insurance on same \$1,000. Total loss, \$25. Cause, incendiary. Providence-Washington.