

FIRE POLICY WORDINGS: SUGGESTIONS FOR AGENTS.

(R. Leopold Jones, C.F.U.A., before the Insurance Institute of Toronto).

(Continued from last week).

FOUNDATIONS.

Whenever a first-class building is subject to co-insurance, a clause is usually seen in the policy excluding foundations below the level of the ground. There are hundreds of different wordings used to do this, and some of them introduce a list of articles not likely to be seriously damaged, and the value of which has perhaps been included in calculating the blanket rate. There seems to be no reason why a standard clause could not be adopted, making it permissible when co-insurance is taken to exclude only certain portions. I would suggest in this connection the exclusion only of "the part of building below the level of the floor of the lowest storey (whether such floor constitutes the flooring of the basement or otherwise) and also the flooring, if incombustible, of such lowest storey." This would not permit the exclusion of everything below the ground level in the case of a fireproof building having a basement and sub-basement. As regards the words "ground level" I must confess I am not quite clear as to how this would be interpreted in the case of the land sloping away, and whether it refers to the *natural* level of the ground. It would, I think, be better if it referred to the "lowest point of the land level or ground line of the site on which the building stands." It is usual also to mention "cost of excavation" as being excluded. I am, however, by no means satisfied that this is necessary, or that cost of foundations *could* be included for the purpose of co-insurance anyway—or for any other purpose in connection with fire insurance. The argument, however, is too long to enter into here, beyond remarking that the "cost price" of the building or excavation (or anything else insured) has nothing essentially to do with the "actual cash value at time of fire;" and also that the removal of debris to effect replacement after a fire is covered by a fire policy up to the sum insured, but this, of course, could not be included in the value of the building for co-insurance purposes; and further, the clearing of the site and excavating for the foundations is not part of the building structure which latter is the subject of the insurance.

When foundations are excluded I have occasionally seen separate policies on these without co-insurance. This does not seem a very attractive line—something like a fireproof building without co-insurance, but enlivened up a little by the possibilities of "an amicable difference of opinion" in the event of loss, as to whether the policy on the foundations, or the one on the superstructure should bear the cost of removal of the debris from the basement following the collapse of the superstructure.

DIVISIONS OF AMOUNT.

As regards what property should be included under the several items in various circumstances, this is an extremely wide and probably the most difficult of all questions connected with policy wordings. It would require a long paper to deal with it at all adequately, and as far as I know no attempt has yet been made to do so. The follow-

ing suggestions are not the result of any deep investigation into the matter; they are only points that have occurred to me in thinking over the question generally, and it is with diffidence that I offer them for consideration and only then in the hope that someone may be led either as the result of irritation at the suggestions, or otherwise, to plunge in and straighten up the matter and thus prolong the lives of many fire insurance agents who are groping blindly in each individual case owing to the absence of any beacon lights to guide them.

The first proposition and the most difficult, I think, is to draw the line between the "building" item and the "machinery and fixtures" item and to enunciate if possible some sort of guiding rule.

As regards trade buildings, there are the following circumstances to be considered:

1. Leased buildings—(a) Under a straight lease where the lessee is sole tenant.

(b) When leased to various tenants with the landlord also occupying, but only for the purpose of supplying heat and maintaining the domestic affairs of the building.

(c) With landlord occupying as in (b) but also providing power for tenants.

2. (a) Buildings occupied by the owner.

(b) Buildings occupied by the owner and constructed for special trades where a large number of appliances and fixtures such as ovens, furnaces, chambers, smoke houses, kilns, etc., are built in as an integral part of the structure, as in the case of reduction plants, glass plants, brick works, oil refineries, etc.

In all the foregoing cases, under 1 and 2, it is apparent that (and it is not inferred that the list is complete) the question of how to draw the "building" item and also the "fixtures and machinery" item requires consideration.

In the case of 1, (a), "on the building including all landlord's fixtures therein, thereon or attached thereto" seems to be adequate. For 1, (b), the addition of the words "utensils and supplies" seems to meet the case.

In 1, (c), a separate amount should, of course, be placed on machinery the property of the landlord, and be specifically excluded from the "building" item.

TENANTS' FIXTURES AND FITTINGS.

In insuring fixtures and fittings for the tenant it is as well to state they are "the property of the assured or for which he is responsible"; this is better than mentioning the various fixtures and fittings by name, and saying "counters, shelving," etc., as, if these are permanently attached to the building, they belong to the landlord, and the tenant could not collect in the event of loss (unless his lease specially allowed him); although if they are specially mentioned in his policy as being covered, the tenant, rather naturally perhaps, feels that the company is "putting it over him." The moral is that in the case of landlord and tenant, do not attempt to allocate certain fixtures to either. The policy should and must follow the law of the land as between landlord and tenant. To state that you insure the fixtures and fittings as belonging to one or the other, or for which they are respectively responsible, is, I think, the best and most satisfactory cover.

In the case of 2 (buildings occupied by the