

IMPORTANT SUBROGATION JUDGMENT.**Builder of Faulty Fire-Place Responsible for Fire Loss—Details of Opinion Rendered.**

A decision holding a builder responsible for fire loss due to faulty construction was recently rendered by Mr. Justice Archibald, in the Superior Court at Montreal. The detailed opinion rendered is of too great interest and importance to be passed without some further reference than that already given it.

The case was that of the Rochester-German Insurance Company of Rochester *vs.* Castle, *et al.* The plaintiff was insurer of a house at Outremont, the property of J. C. Walsh. An incipient fire happened in that house in February, 1907, and did damage to the extent of \$400, which, after due proofs, the insurance company paid to Mr. Walsh taking a subrogation from him in all his rights against any persons responsible for the fire.

An adjuster on behalf of the insurance company found that on the evening previous to the fire the assured had been sitting in his parlor up to about midnight with a friend, and that there was a wood fire in a grate built in the corner of the room. There was also, in the cellar, which was not finished off, a furnace pipe which entered a chimney in the immediate vicinity of the fireplace. The first floor joists were open in the cellar and the furnace pipe passed underneath, at a distance of 2 or 2½ inches, from the furnace to the chimney, a distance of about 20 feet.

Owing to the position and limits of the fire, the insurance adjusters came to the conclusion that the fire resulted from the defective construction of the hearth of the fire-place. This hearth had been constructed by the defendant under a contract with Mr. Walsh. The company, guided by the report of its adjusters, demanded from Mr. Walsh, upon making payment, subrogation against the defendant, whom they claimed to be in fault for the fire. The action set up that the defendant had constructed the hearth; that it was badly constructed and caused the fire, and prayed that defendant be condemned to indemnify the plaintiff for the loss suffered in the premises.

The defendant pleaded that the hearth was well constructed; that the fire did not result from the hearth, but from the pipes of the furnace.

However, it was established that the hearth was built upon boards, and, as a result of the fire, these boards were burned through as well as the bond timber immediately under the back hearth and a joist which also passed under the hearth was also burned and charred. In considering the other possible cause of fire, the judge remarked that the furnace pipe would naturally be hotter nearer the furnace than it would be farther away. It was practically the same distance from the joists during its whole length of 20 feet. None of the joists near the furnace were in any way affected. The burning which took place in the bond timber and in the joist next to it, and, to a less extent, in the next again, was upon the top and not upon the bottom.

In concluding, the judge stated that he had no hesitation in giving judgment to the effect that the defendant was in fault in the construction of the hearth in question and that that fault produced the fire and, therefore, that the defendant must in-

demnify the plaintiff for the loss which the fire caused. Judgment, therefore, went in favour of plaintiff for the sum of \$400 and costs.

**GENERAL ACCIDENT ASSURANCE COMPANY OF CANADA.**

A year ago the General Accident Assurance Company of Canada presented its second annual statement—the report showing that the company had already made considerable progress. During 1908 this progress was well maintained, despite the bearing of generally unfavourable business conditions upon the business of accident underwriting. The net premium income—less reinsurance, rebates and cancellments—amounted to over \$188,000, as compared with \$106,000 during 1907. Total revenue for the year 1908, including the balance carried forward from the preceding year, was \$195,000. Claims paid and reserve for claims outstanding totalled \$80,000, general expenses amounting to slightly more than a similar sum. The reserve for unexpired risks is now nearly \$63,000, an increase of some \$26,000 during 1908. Assets have grown by over \$40,000 during the year, and now total well on to \$150,000—the ledger value of investments being well under market prices. It is to be noted that about \$45,000 is in Canadian municipal securities, out of investments totalling \$95,000. That the working expenses of the company were 1.10 p.c. less in 1908 than in 1907, and the claim ratio 12.48 p.c. lower, are encouraging features of the year's business showing.

Following as it does along the general lines of business which have made successful the parent office—the General Accident Fire & Life Assurance Corporation, of Perth, Scotland—the Canadian General Accident is practically assured of a successful career. The joint managers, Messrs. W. G. Falconer and C. Norie-Miller, have now well in hand a strong field organization throughout the Dominion.

**Our London Letter.****NAVAL FINANCE A LIVE TOPIC.**

Views as to Naval Loan—Cheap Money Continues to Support Gilt-Edged Market—Favourable Reception to Lake Superior Bonds—A Banking Revolution—Insurance Jottings—Special Correspondence of THE CHRONICLE.

The Making-up List for the week's account, to which members of the London Stock Exchange turned their attention on returning from the Easter holidays, was the cheeriest document of the kind which had been in circulation for some time past. The nitrate section had been adversely affected by the failure of the negotiations for a renewal of the combine which regulates the output of the companies, but in every other department there was an almost unbroken list of rises in value. It was indeed, as one of the financial dailies put it, "a bull innings"—none the less welcome because it was a long time since the faith of the optimists had been so profitably justified—and the House set to work after its vacation in excellent spirits. The first