

of its customers for many years to come, and it will, in addition, allow the company to make a substantial saving in operating expenses.

Preliminary plans have been made for the installation by the company of a system of filtration. During the year a new contract extending over 25 years for the supply of water only was entered into with the town of Cote des Neiges (West).

The Montreal Water & Power Company has evidently a big future before it for the great increase in water supply will naturally be in the suburbs of Montreal for which this company caters. These include several wards of the city proper which have been annexed within recent years. In a few years it will not be at all surprising if this company were to take over the present Montreal City system and thus arrange to supply the whole Island of Montreal. From an economic standpoint it seems desirable either that the city should take over the Montreal Water & Power Company or that the company should arrange to take over the system of the City proper.

THE INTERPRETATION OF A MARINE INSURANCE POLICY.

The mail has just brought to hand the text of the decision of the Judicial Committee of the Privy Council in the case of the Montreal Light, Heat & Power Company vs. H. B. Sedgwick and others. This was an appeal from a judgment of the Supreme Court of Canada of May 4, 1909, reversing an order of the Court of Review of Quebec, and directing a new trial of an action brought by the appellants (plaintiffs) against the respondents (defendants), who are marine underwriters at Lloyd's, on a policy of insurance to recover \$2,700 damages in respect of the total loss of a cargo of cement claimed to be covered by the policy. The action was tried before Mr. Justice Hutchison and a special jury, and resulted in a verdict for the appellants for the sum named.

The appellants, on or before May 18, 1903, it appeared from the statement made by Lord Atkinson, in delivering their Lordships' judgment, shipped on board a certain barge named "Maria," belonging to one Page, 1,500 barrels of cement to be carried to Chambly Canton, on the River Richelieu. The barge, which was about 90 feet in length, was to be towed on that trip. On the following day, while *en route*, she struck against a snag in the river, knocking a hole in her bow of about three feet by two in size. She settled down on the shelving bank of the river, and about 70 feet of her deck were completely submerged. Her bow was held up, presumably by the snag, which had pierced her hull, or by the upper part of the bank of the river; her stern was sunk in the deeper part of the stream, and all but a very small portion of the cement was by the wetting turned, as it were, into stone and completely destroyed as cement. It was scarcely contended, and could not be contended successfully, that the cargo had not been totally lost. It was abandoned. No fault was found with the amount awarded, if the defendants were liable for damages at all. The policy of insurance was very peculiar in form. It purported to insure against

the total loss of the cement "by total loss of the vessel." The defendants based their defence substantially on those six words "by total loss of the vessel," and contended that they were not liable because, though the cargo of cement, the thing insured, was totally lost and abandoned, the barge which carried it was not totally lost. The result was that the case was tried very much as if the action had been brought by Page, the owner of the barge, against a company which had insured his barge, for total loss of the thing insured, the barge.

In the result, their Lordships now found that there was no miscarriage of justice at the trial; that the interests of the defendants were not unfairly prejudiced; that the substantial issue of fact upon which the liability of the defendants turned in law was in substance tried; that the findings of the jury upon the several issues which together constituted that substantial issue were amply sustained by the evidence; that consequently there should not be a new trial of this action; and that the decision appealed from granting it should therefore be reversed and the decision of the Court of Review on those points restored.

The appeal was therefore allowed, the respondents being ordered to pay the costs of the hearing both before the Privy Council and the Supreme Court.

VALUED POLICIES.

Conservative Attitude of British Fire Offices.

The conservative attitude of underwriters in Great Britain in regard to valued policies is shown by Mr. William Schooling, the well-known English insurance writer. In an article discussing these policies he observes:—

"A valued policy of fire insurance is one which guarantees to the insured the amount entered in an inventory against each item. The attractions of valued policies are that if goods are burnt new goods of equal value are substituted for them; there is no possibility of a dispute with the fire office, and the policyholder does not have to suffer financial loss as the result of a fire. The essential and fundamental principle of fire insurance is that it is a contract of indemnity, and undertakes to make good the damage done by fire. It does not insure against depreciation due to wear and tear, or to changes in the market value of the goods. It is agreed on all hands that this principle must be adhered to in connection with all commercial risks. It is maintained by some advocates of valued policies that this principle can be departed from in a comparatively few exceptional cases of private householders. The majority of fire offices prefer not to issue these policies, but a few companies of unquestionable standing are prepared to grant insurance freely on these lines, and most offices will do so in special cases."

Mr. Schooling proceeds to discuss the pros and cons of this form of insurance from the point of view of the public. He points out that valued policies at least double the cost of fire insurance. Looked at broadly, it may be said that private householders receive 10s. worth of insurance protection for every £1 that they pay in fire premiums.