

as a basis for American credit. These different streams from the States and other creditors of England all converge at London, and the result is that the so-called "adverse balance of trade" against England is a demonstration of the wealth, the resources, the vast income of the old country.

#### FIRE INSURANCE PRACTICE. IN NEW ZEALAND.

The Report for 1900 of "Proceedings of the Insurance Institute of New Zealand" has been courteously sent us, for which thanks are due and tendered. One of the papers read before the Institute was by Mr. J. H. Hall, on "Fire Insurance Practice," whose introductory remarks refer to the reforms effected in late years in the wording of policies. As a specimen of old time looseness in this respect he gives the following: "On one stack of hay situate at Wairarapa containing about 100 tons at £2 per ton—£200," by which the underwriter would be liable to pay £2 per ton for hay when the market price was only £1 10 0 per ton, and paying for 100 tons when the actual loss might be much less. He remarks: "Under stress of severe competition you may sometimes be compelled to take a 20s risk 5s, but in such a case you can gauge the extent of evil, whereas with a loosely worded policy you know not what disastrous contingency may arise to the detriment of your company." After this exordium Mr. Hall's paper proceeds as follows:

I shall now make a few remarks upon points which come under your daily experience, and my endeavour shall be to make as plain as I can the methods by which you will steer clear from errors in the practice of your profession. First, then, as regards the acceptance of proposals, and the framing of policies.

The proposal, being the basis of the contract between the Company and the assured, too great care cannot be exercised in filling up same. The construction of the walls, partitions, linings, ceilings, and roof, and number of floors and height should be noted. Complete particulars respecting the construction and occupation of adjoining buildings should be carefully shown, and in all cases of attached buildings plans showing all external openings, skylights, and height of parapet walls of the premises to be insured, or containing the property to be insured is required. The age of the building, state of repair, and character of proponent, should receive careful consideration. In block risks the character of the occupant of the adjoining buildings is an important factor in the hazard. No rate is adequate where the moral risk is the least shady. All trade risks should be inspected, not only when taking the risk in the first place, but as often as opportunity will allow. This frequent inspection of trade risks is a point I would particularly emphasize, as by it alone, you can judge whether the risk is a satisfactory one to keep, or if a reduction in your holding is advisable. It frequently occurs that what when you first took the

risk was a first-class hazard, becomes from falling off of the assured's business an undesirable one. When one of your risks reaches this stage, and you cannot get rid of it altogether, the best plan is to pass a bit of it on to one of your reinsuring friends; at any rate, that was the advice given to me by an insurance manager. I know none of the gentlemen here would countenance such an immoral suggestion. However, my adviser is now in the milk business, so possibly his aberrations from virtue's path are in the direction of water rather than fire. Every proposal should contain a query as to former fires. The interest of the insured, whether as owner, lessee, mortgagee, holder of bill of sale, or what not, should be stated. Goods held in trust or on commission, should be assured as such, and the words "for which the insured may be liable in case of loss or damage by fire" under no circumstances omitted, when only a fiduciary interest is insured. In short, gentlemen, do not remain satisfied with mere "aye" and "nay" answers to the queries on your proposal form, but endeavour by tactful questions and keen observation to elicit as much information as possible about the risk you are taking; it will all be useful to your manager, and valuable to yourself in the experience you will gain.

In preparing the policy, as I have hinted before, language plainly expressive of its object, and not susceptible of misconstruction, should alone be used. The property insured should be minutely described, and the particular location clearly stated. Such terms as "etc." and "ditto" should never be permitted. If the assured has agreed to take any steps to minimise the danger from fire, embrace his agreement in a warranty. The terms "general merchandise," and "personal property" should be avoided. In the first case the kind of merchandise to be covered should be mentioned, and in the second separate sums should be obtained on household furniture, piano, and other leading items. In insuring pictures, family portraits and other articles on which a common market value is not easily arrived at, a schedule fixing the value of such should be attached to the policy, otherwise trouble will be sure to crop up when a loss occurs. Neither the date nor amount insured should ever be altered. Fresh policy in every such case is advisable.

#### WARRANTIES.

Some companies are exceedingly trusting in the matter of taking the insured's word to carry out certain precautions, and seem to regard any special reference in the policy to the promise made as superfluous. If a watchman is to be kept on the premises, shavings cleared away at specified times, or any other safeguard to be taken, the Company should insist on noting same in policy. And in the manner of including a warranty in a policy a good deal can be said. It is a cardinal principle in insurance law that in order to constitute any statement or promise of the insured a warranty of it must be made a part of the policy by appearing in the body thereof, or by a proper reference in the policy to some other paper in which it may be found.

The policy is the contract, and if outside papers are to be imported into it this should be so done as to leave no doubt whatever on the subject.