

FIRE POLICY WORDINGS: SUGGESTIONS FOR AGENTS.

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

The wording of Fire Policies is such an important matter that one is inclined to wonder at the comparatively little attention hitherto paid to it by the companies generally, who subject to a few rules—mostly directly or indirectly connected with rating, and which the average agent regards as the "water jumps" carefully prepared for his downfall by a calculating association—have left the matter very largely in the hands of the agents, with the consequence that the subject of "Policy Wordings" is becoming more and more a vexed question between companies and agents, and oftentimes the assured.

A few years' experience in dealing with the trouble that arises in regard to policy wordings has convinced me that the agents as a whole (I am speaking more especially of country agents) are not entirely to blame for the fearful and wonderful wordings they often attach to their daily reports,—the said wordings, I believe, having usually caused them much thought and worry in a *bona fide* endeavor to get out a good wording. The whole trouble, I think, is that the principle upon which they proceed is nearly always wrong, i.e., they collect a number of wordings which (according to the outlook of the agent) seem to them to embody desirable features or clauses or permissions, and whenever a wording is desired for any particular risk it is made up *holus bolus* from their collection—often, as we all know, with disastrous results. As it is largely to the agents that we must look for improvements in wordings, their point of view should be kept prominently before us in offering any suggestions for improvement, and in approaching the subject I must ask the trained firemen amongst us to bear with me if practically all that I have to say is elementary in its character, as until the wordings we get are more satisfactory along these lines, any discussion as to the finer points connected with them would be only academical.

The very first point I would emphasize is to avoid all verbose and lengthy wordings of every kind, and to entirely shun all legal or semi-legal phraseology (such as the following gem from a recent wording which came before me) " . . . and said general terms shall be construed and held to cover and include and shall apply to all property below specified." For semi-legal tautology in a policy wording I think that is hard to beat!

The policy should be drawn in ordinary language so that "He who runs may read."

NAME, ADDRESS AND OCCUPATION.

The first thing in any wording, of course, is the name of assured, address and the *full trade or business carried on*. I would draw special attention to the necessity for this latter, as, if this is fully and concisely stated the necessity for describing later in the policy in *extenso* the various kinds of stock and property insured disappears, and with it a whole lot of trouble involved in the endeavor to think up and describe everything on the premises, which wording ends in what always strikes me as a confession of one's inability to complete the task

of enumerating everything, by saying that the intention hereof is to cover everything of such-and-such a kind or in the case of blanket wordings everything on the premises.

COVERING ITEMS.

When the cover is "specific" I suggest the nature of the property covered and sufficient description to identify its special location only should be given, any further general description or conditions being left to the end of the policy, so that the cover under each item stands out clear.

As regards the wording of the covering items, although we, as representing the insurance companies, may desire the minimum possible in wordings, there is the position of an agent open to competition to be considered. Brevity in cover wording, if taken too far, may cause suspicion or uneasiness on the part of an assured. We may know very well that certain terms, such as "stock in trade" include not only his raw stock but that in process and also packing and shipping materials, but the agent may not find it so easy to convince an assured of this, and therefore a reasonably full wording must always be expected, but it is the attempt to name separately every article on the premises which should be discouraged. It should be readily demonstrable to any assured that he himself, as the one knowing most about his plant, could not enumerate everything he has, still less can any insurance agent do this, so that it is the assured's own interest, when he undertakes to give divisions of amount on his property, to have it divided into groups by the use of terms which, although general in character, can readily be seen to include all he wishes under their respective items.

NATURE OF THE PROPERTY COVERED.

To come to the principle involved it will be admitted by agent, assured and company alike that everything cannot be named separately under each item, and that however far this is attempted the item must, if the assured is to have complete cover infer that it is property of a certain *kind* that it is the intention to cover and not individual commodities as such. This then being the case, why not start out the other way round and specify the *nature* of the property covered, and omit the particularization? In a large number of wordings this particularization defeats its very object in that it leaves the *nature* of the property it is desired to cover as obscure as possible, owing to a number of things being included in the item which have no right there at all, and which properly belong to one of the other items. I do not think, of course, that it should be argued or assumed from the foregoing that one or even a dozen short forms could be devised using general terms descriptive only of the nature of the property covered and applied to every risk under the sun, but I do think that a few forms in general terms as indicated would be applicable to an overwhelming percentage of risks, and as regards the remainder the assured themselves, if one of the forms which seemed fairly applicable was submitted to them, could readily make, from their intimate knowledge of the trade, any necessary additions to the various appropriate items. As it is when a wording is required for a special risk, say, for instance, a glass works or a reduction plant, the agent with his stock of forms under each of which there is an elaborate description of various

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