

CO-INSURANCE CLAUSE CONTROVERSY IN NEW YORK

Holding last week that the co-insurance clause on fire policies is invalid, the Appellate Term of the New York Supreme Court points out that there is no provision for the clause in the new standard fire insurance policy of the State and that it does not appear that the Superintendent of Insurance has given any approval for its use. The claim of the respondent that the co-insurance clause is inconsistent with the new standard policy, is upheld by the court as correct, since the policy without such clause provides for payment of a proportion of loss, without regard to the ratio of the insurance to value. This decision has naturally caused considerable comment in fire offices in New York, unsettling as it may, not only established practices, but the status of existing rates and contracts in many cases. The co-insurance clause is too valuable a factor in the stabilization of the business to be discarded. If the standard policy law suffers such an omission, it should be amended and in the meantime, underwriters are inclined to believe that the use of the clause might be legitimized by special dispensation of the insurance department. The case is that of Durham against the Stuyvesant Insurance Co. of New York.

In an opinion filed last week the court said:

"The respondent urges that the co-insurance clause is inconsistent with the conditions of the standard policy. It is clear that this contention is correct, since the policy without said clause provides for payment of a loss in the ratio that the face amount of all insurance bears to the amount of the loss irrespective of the value of the property; on the other hand, when a coinsurance clause is read into the policy the company's liability is determined by the ratio which the face amount of the total insurance carried bears to the value of the property. In the absence of a coinsurance clause, the insured collects his whole loss if that does not exceed his insurance and his whole insurance if that does not exceed his loss. With a coinsurance clause present that rule of recovery is modified, and the recovery reduced if the reinsurance and the loss are both below the percentage of value.

"Moreover, it does not appear that any approval has been given by the superintendent of insurance to the addition of the coinsurance clause in connection with the standard form of policy adopted by the amendment of 1917, even assuming that such approval would be effective. While the superintendent apparently did give his approval in connection with the old form, such form was discarded by the Legislature of 1917 when the new form was adopted. The cases cited by the appellant are merely an interpretation of the coinsurance clause

and were decided before the amendment of section 121 in 1917.

Canadian Fire Underwriters Association Annual Meeting

The annual meeting of the Canadian Fire Underwriters Association was held last week at St. Andrews By The Sea, N.B. under the presidency of Mr. J. B. Laidlaw. The meeting was largely attended by representatives, both from the United States and Canada. The reports for the year were presented, and showed in a favourable light the workings of the various departments of this Association, which is ever increasing in importance.

The following honorary officers were elected for the ensuing year, President, Mr. Lyman Root, (Sun), Eastern Vice-President, Mr. John Jenkins (Employers), Western Vice-President, Mr. Alfred Wright (London & Lancashire).

New members of Executive Committee, Mr. J. H. Labelle (Royal), Mr. W. S. Jopling (Commercial Union), and Mr. A. R. Pringle (Western).

GOLF CHAMPIONSHIP

The permanent Golf trophy played for last week by members of the C.F.U.A. at St. Andrews By The Sea, was presented by the President Mr. J. B. Laidlaw, and won by the Toronto members. We understand that during the greater part of a well contested game the Montreal members had it all their own way, but the Toronto members anxiety to start for the 19th hole proved too much for them, and they gracefully accepted defeat. We are told, however, that the trophy will be in Montreal for 1921.

Methodist Church Insurance Scheme

From July, 1919, when the Methodist Church decided at its annual conference to organize an insurance agency, \$1,954,668 in fire insurance was placed up to April 24, 1920. This figure was given in a report to the Methodist Insurance conference at Woodstock early this month. The business is handled by the Methodist Church Insurance Commission, which is registered as an insurance agency, and obtains the commissions which formerly went to local agents when the individual churches placed their own insurance. The premiums on the business written so far have totalled \$11,369. Each church is still responsible for its own property, however, and whether insurance is placed at all, or whether it is placed through the commission, is at its own option. Figures submitted showed that out of 3,498 properties registered, 695 do not carry any insurance. The total number of properties owned by Methodist churches in Canada is about 5,000.