WORDINGS AND WARRANTIES

The following extracts are taken from a paper recently read before the Fire Insurance Association of Montreal by Mr. J. D. Simpson, Liverpool & London & Globe Co. of that city. Besides the matters dealt with in these columns the paper treated upon the Distribution Clause and the possible effect of the general application of Warranties to Fire Policies. We regret that demands on our space prevent us giving in full the ideas expressed by the writer, but those interested will share with Mr. Moberly the President of the Association and popular Manager of the Northern the expressed hope that the full address may be printed in the Journal of the Association.

On this wide and important subject little seems to have been said of Public Note beyond an able paper by Mr. Jones, C. F. U. A. Toronto. Under the title of Policy Drafting there appears a contribution in one of the Federation Journals in England. "Hine's Book of Forms" represents the American Contribution. Co-insurance and Average has, of course, been widely written of and discussed. Although the field is so wide, I do not propose to do anything more than touch an occasional point, here and there. This paper is no complete compendium for Brokers and Agents who want the latest. Nor is it intended to be the Junior Officials Vade Mecum: More than likely it will not contain a single idea which is new. Rather it is meant to quicken our interest in and focus attention on a subject that seems to have suffered by neglect.

After all, the making of our more important wordings is left largely in the Brokers hands supervised by the C. F. U. A. The wording frequently contains undesirable features. Sometimes the Company does not get all it deserves: sometimes the Insured suffers: and on the whole there are many wordings regardings which one feels that the further away from court they remain the better. I think it is no small tribute to the liberality and broad mindedness of the Companies that so few cases fall to be decided by the Courts. Nevertheless, that is tribute which should not be levied. Wordings and Warranties should receive sufficient care and attention to keep them beyond the bounds of all controversy. The responsibility for payment of the loss rests with the Company. The Agent no doubt feels it his duty to protect his client: The C. F. U. A. are concerned purely with the observance of their rules: but it is with the Company and on the Company alone that the question of liability and payment depends. Much may be done, collectively, by the creation of a healthy general opinion, amongst Officers, Underwriters, Brokers and the insuring public. In the formation of this opinion the first step is a clear understanding by the Staffs of the Companies of the precise requirements for each case. It is not enough to say "we cannot accept this" or "we must decline" that. Mere negation will not do. We must and ought to be able to put our finger on the weak spot and at the same time say what ought to be substituted. Like a Doctor we must follow our Prognosis and Diagnosis with Treatment and Cure.

In writing a Policy the first point is the name of the Insured. I do not propose to enter into the niceties of Insurable Interest. That is a subject for a lengthy paper in itself.

After the name I would like to see, set out in full, the trade or business of the Insured. One realizes from the name itself the business of say the Canada Cement Company, the Maple Leaf Milling Company or such representative concerns: but there are others, and their number is legion, where the name of the Insured in no way indicates the trade or business. Take the following examples:—

> John Jones "Fish, Fruit, Vegetables, Poultry, Game and Provision Dealer."
> William Smith, "Builder & Contractor, Plumber, Tinsmith, Electrician, Paper Hanger, Painter, Decorator."

Set out in full the whole business of the Insured immediately following his name, and the remainder of the wording is much simplified. No need to introduce such phrases as "on stock consisting chiefly of ...." "in their business of ....." "in their premises occupied as ...." Brokers or Inspectors drafting such wordings will usually find a complete note of an Insured's business printed on his bill heads. An underwriter looking over such a form sees at a glance the class he is insuring and, knows what to expect. That idea may not be new; it is an innovation in our present practice which would tend to simplicity and improvement.

Consider for a moment the question of insurable interest. The chief source of difficulty is the partial owner under Mortgage, Deed of Sale, Collateral Security, and all the variations including Agent, Bailee and Warehouseman with which we are more or less familiar.

The Mortgage Clause is another subject on which we shall hope to have an address before this Association. Whilst Mortgagees as a class in regard to Fire Insurance, seem greatly favored, the privileges granted in the Mortgage Clause have been remarkably free from abuse. There is one point in some clauses (they vary of course according to taste) which refers to contribution between Companies. The usual clause reads:—

"in the event of the said property being further insured with this or any other office on behalf