

FIRE POLICY WORDINGS: SUGGESTIONS FOR AGENTS.

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(Continued from last week.)

PERMISSIONS ALLOWABLE.

What "Permission" is it necessary or allowable to give in an ordinary policy? The following points will, I think, cover a very large percentage of cases. There are five items to be noted in connection with the Ontario Statutory Conditions:—

1. Further Insurance is not permitted.
2. Assured's own property only is covered.
3. Workmen's Risk.
4. Gasoline and oils.
5. Lightning clause.

1. Further insurance is not permitted (Statutory Condition No. 5). This may be given if desired and if the company permits, subject of course to the existing tariff rule which, by the way, has now been somewhat restricted in its application. It is very desirable that the permission should state that the further insurance must be identical in wording. I do not think that "use and occupancy" or "loss of profits" would be held to be further insurance, and if the companies desire this notified it seems absolutely necessary for a clause to appear on the policy.

2. The insured's own property only is covered and not goods for which he is responsible (Statutory Condition 6a). This point has been dealt with in connection with the "covering" item.

3. Workmen's risk for incidental alterations and repairs is limited to fifteen days in each year (Statutory Condition 6E). C.F.U.A. Rules permit fifteen days at any one time. It should be noted that this permission is intended for "incidental alterations and repairs" only.

It may be interesting to note in passing that the Statutory Condition provides that workmen's permit must be previously obtained by the assured in writing, but as regards other changes material to the risk notification in writing only is necessary—the permit being automatic unless the company notifies otherwise. I have wondered why this difference.

GASOLINE AND OTHER OILS.

4. No gasoline is allowed to be "stored or kept" at all and as regards other mineral oils five gallons of coal oil for lighting purposes and five gallons of ordinary lubricating is all that is allowed. There does not seem to be any limit under this condition as regards animal or vegetable oil although lubricating oil, which is specially mentioned, is, I believe, often composed of a mixture of mineral and vegetable oil.

It is rather generally assumed that permission for one gallon of gasoline may be given in all risks, but this is not the case. If the gasoline rules are referred to it will be observed that in a number of instances there is a charge for as small a quantity as one quart. Paradoxical as it may seem, it is a very good guide to say that when an assured is likely to use gasoline in connection with his business, the general permission for one gallon is not in order. This is not true in every case, but it is a fair guide. The case of *Equity Fire v. Thompson* shows that this Statutory Condition is more elastic (to the

assured's benefit) than might be assumed from its wording. As regards any special permission for storage or use of oils at a plant the particular building in which this is allowed should be specified.

5. The lightning and electrical current clause is now in the Ontario Statutory Conditions, being in No. 10. It is therefore unnecessary, and generally speaking undesirable, to add this clause, as in a number of instances that have been before me the lightning clause only has been added, without a dynamo or electrical apparatus clause, thus destroying the protection given by the Statutory Conditions as regards electrical machinery. In passing the evident clerical error in the last line of the Statutory Condition may be noted, viz., "from resultant fire originating," the clause should be "from resultant fire or from fire originating." The Statutory Condition does not make it quite clear whether it excludes damage to "cables" by electrical currents, and these are of distinct value in big power plants, such as the Falls, where there is a large amount of cables in conduits connecting the various buildings.

BREACH OF CONDITIONS CLAUSE.

In a plant comprising a number of buildings a breach of conditions clause is often inserted. The clause reads as follows:—

"Conditions of this policy relating to matters before the happening of a fire, breach of which would disentitle the assured to recover, shall be read distributively, so that in the event of fire, breach of such conditions in any portion of the property neither damaged nor destroyed shall not disentitle the assured to recover in respect of claim for loss to other portions of the property hereby covered that are damaged or destroyed by said fire, but in which no breach of such conditions has occurred."

This, I think, can only be regarded as a precautionary clause, as Ontario Statutory Condition 2 says that "any change material to the risk... shall void the policy as to the part affected thereby." The point which brought the clause into existence was the word "part" being read by some to refer to the "policy" and not to the "property" or "risk," and in the case of a blanket wording the policy is not divisible into parts, so that it was thought it would avoid the whole. The matter is susceptible to argument but it seems more reasonable to me to assume that the intention was to avoid the insurance on the part of the property affected and this is made quite clear in a similar provision in Statutory Condition 1.

As mentioned elsewhere it is not unusual now to find a special valuation clause on a policy, providing that in the event of loss the stock shall be valued and the loss paid on a certain basis, say, for example, in the case of a factory, at the wholesale market selling price. This, of course, ordinarily means that the manufacturer's profit on the finished stock is covered and would, it seems, more rightly form the subject of a "use-and-occupancy" or "loss of profits" policy. Companies as a whole, I think, do not look with favor on such clauses, and for very good reasons.

SHUT DOWN.

This is the subject of a direct rule and permission is usually given accordingly.

Some clauses "on the market" seem to provide that the insurance shall go on forever (if the mort-