

Fire Insurance means Indemnity not Profit.

In our observations of last week upon this subject, we ventured to assert that a large number of people harbour the mistaken notion that a policy of fire insurance represents the sum to which they are entitled in the event of any loss by fire. We remarked that many persons who are regarded as generally honest seem to see no moral delinquency in getting more than simple indemnity for a loss. We have since been told a story about a clergyman which is a modern instance of the prevalence of this error, and which seems to show that this fallacious idea that a profit to the policy-holder is proper and right has even been proclaimed from the pulpit. The pastor in question told his parishioners that the church ought to be so fully insured that if it burned the insurance money would enable them to build a better one. We know our informant dearly loves to deal in fiction, but his story is too plausibly probable and *apropos* to be closely questioned.

The Essence of the Contract.

The essence of a contract of insurance is that it is a contract of indemnity, to prevent the insured from suffering loss within the amount of the insurance by means of any of the perils insured against. Of course, if, in addition to the value of his property the insured has distinctly covered an expected profit to be derived therefrom, adjustment will decide what is the equitable measure of loss. But the whole spirit of an ordinary contract of insurance would be violated if the insured could make the occurrence of loss a source of profit to himself; this would give him an interest in producing losses. One of the old writers says upon this subject "Insurance seeks not gain, but operates to prevent loss."

This principle of indemnity, however, does not require that the insured shall be paid the full value of his interest, and at the same time be permitted to retain such interest or any portion of it. The contract should never be so arranged, that, under any circumstances, it could be made profitable to the insured to meet with disaster; he should never make money by his loss. This involves the principle of subrogation, by which any excess of insured interests, beyond the insurance, belongs to the insurers.

Indemnity must be adjusted upon the principle of replacing the insured as far as the amount of insurance will do so, in the situation in which he was at the commencement of the fire. If the loss or damage be less than the sum of the insurance, he should recover all of the loss or damage; if the loss or damage exceed the insurance, he should recover the total insurance. But no recovery can be had unless the insured had, at the time of the

insurance, and of the loss, an insurable valid interest in the policy. The price at which the property can be restored at the time of the fire is the money value of the indemnity, which raises the question of measure of damage.

A New Dodge.

The newest mode of swindling Fire Insurance Companies in the English Metropolis is said to be the renting of charred household goods, and the Insurance Observer states that underwriters are experiencing "a good deal of difficulty in dealing with this particular form of swindle." We should think they would have no trouble in having the perpetrators punished for obtaining money by fraudulent misrepresentation. The Insurance Companies are said to be disinclined to incur the expense of criminal proceedings, because the policies are invariably for trifling amounts. The fraud was discovered by an insurance adjuster who recognized some furniture, the damage done by fire to which he was appraising, as being "similarly charred in the possession of another policy-holder five days previously."

The people making these claims always have the same story to tell the Companies, namely, that they had extinguished the blaze, "by their own efforts without the aid of police or firemen." What next?

We trust Canadian Companies have not yet become acquainted with this charred furniture business as conducted in the great city of London.

A Company's Guineas.

The suggestion that all citizens capable of bearing arms should enroll themselves for service with the volunteers is finding favour in the British Isles, and we would not be surprised if the same martial idea is wafted across the summer seas to other parts of the Empire. There is much in the present outlook of the world's affairs to justify apprehension, or at least to warrant us in seeing to it that every man is able to do his duty with a rifle, if called upon to protect the country of his birth.

The directors of the Alliance Assurance Company, with Lord Rothschild as chairman, evidently wish it to be distinctly known that they prefer to have drilled officials. To foster and encourage a spirit of patriotism, the company has resolved to give four guineas to any member of their staff upon his joining the volunteers, and two guineas yearly while he remains with the colours. Any official of the Alliance who is already a rifleman will be entitled to the annual honorarium. Even if the young English clerk cannot find time or inclination to take the Queen's shilling, he may have ample leisure wherein to earn a company's guineas and to become a marksman.