property may effect insurance either (1) on his own interest merely, or (2) on his own interest as well as the interests of all other persons in the property. For instance, a mortgagee may effect insurance either (1) on his interest as mortgagee, or (2) on the property as a whole, including the equity of redemption. In order that the insurance effected by a mortgagee should cover the property as a whole (*a*) the mortgagee must have intended to insure the interest of the mortgagor as well as his own, and (*b*) the policy must not by its terms be limited to the mortgagee's interest in the property. *Primâ facie* the insurance is intended to cover the property as a whole, but the amount of the premium may make it clear that the risk is more limited. If only the mortgagee's interest is insured, the mortgagee is entitled to receive only the amount to which he is damnified, whereas if the property as a whole is insured, he is entitled to receive the whole amount of the damage to the property to the extent of the insurance, holding the surplus over and above his own loss for the mortgagor (*k*).

If a mortgagee insures the mortgaged property out of his own funds without having any right under the mortgage deed or otherwise to recover the premium from the mortgagor, the insurance is for the benefit of the mortgagee alone, and in the event of loss he is entitled to receive the amount of the policy without giving credit therefor upon the mortgage (*l*), that is, he may hold the money as security for payment of the mortgage debt (*m*)

A contract of fire insurance, like a contract of marine insurance, is a contract of indemnity, and of indemnity only, and the assured, in case of a loss against which the policy has been made is entitled to be fully indemnified but is never entitled to be more than fully indemnified. One of the doctrines adopted in favour of the insurer in order to prevent the assured from recovering more than a full indemnity is the doctrine of subrogation. If an unpaid vendor or a mortgagee insures his interest in property and upon a loss occurring receives the insurance money, and if he afterwards receives the purchase price or the mortgage money, as the case may be, without deduction on account of the insurance, he is liable to the isurer for an amount equal to the insurance money received by him, becausehe is not entitled to be more than fully indemnified (*n*).

So, if a mortgagee, after the occurrence of damage insured against, is paid by the mortgagor, the mortgagee is not entitled to recover from the insurer upon a policy covering his interest only, because he has not been damnified. If, on the other hand, the mortgagee obtains payment of the whole amount of the mortgage debt from the insurer, the insurer is entitled to be subrogated to the rights of the mortgagee and is entitled to a transfer of the mortgagee's securities (*o*). There can, however, be no right of subrogation unless the mortgagee's claim is wholly satisfied (*p*).

(*k*) *Keefer* v. *Phœnix Insurance Co.*, 1901, 31 Can. S.C.R. 144, at pp. 148, 149, quoting from *Castellain* v. *Preston*, 1883, 11 Q.B.D. 380, at p. 398, and *Insurance Co.* v. *Updegraff*, 1853, 21 Penn. 513, at p. 520.

(*l*) *Russell* v. *Robertson*, 1859, 1 U.C. Chy. Ch. 72; *Dobson* v. *Land*, 1850, 8 Hare 216; *King* v. *State Mutual Fire Insurance Co*, 1851, 61 Mass. 1.

(*m*) See also § 6, *infra*.

(*n*) *Castellain* v. *Preston*, 1883, 11 Q.B.D. 380, especially at pp. 386 ff.

(*o*) *Castellain* v. *Preston*, 1883, 11 Q.B.D. 380; *Smith* v. *Columbia Insurance Co.*, 1851, 17 Penn. 253; *King* v. *State Mutual Fire Insurance Co.*, 1851, 61 Mass. 1.

(*p*) *National Fire Insurance Co.* v. *McLaren*, 1886, 12 O.R. 682.