

STATUTORY CONDITIONS OF FIRE INSURANCE

How Standard Methods Have Come to be Adopted and Recognized by Law

BY HENRY LYE

Between forty and fifty years ago every fire insurance company had its own special set of "conditions." Scarcely any two sets were precisely alike, consequently the apportionment of a loss was an abstruse matter, leading to the adoption of various "rules," the "Albany Rule" being often invoked to the prejudice of the assured, each differing "rule" being utilized as it appeared most favorable to the fire insurance companies as represented by their "special agents," by whom, in those days, the settlement of fire claims were generally conducted.

Then a commission of judges and insurance agents formulated the "Statutory Conditions" applicable to all policies covering property in Ontario, which have been copied almost literally in all the provinces of Canada, and, after various suits and trials, have been upheld as superseding all "conditions" not in accordance therewith.

One of these statutory conditions made it imperative that all other existing insurances, made either prior or subsequent to the policy in question, must be endorsed upon it or made it void.

The tendency of the insurance companies has always been to listen to the complaints of the insurance agents and brokers, who have always been inclined to be "liberal" at the expense of the insurance companies, consequently there grew up a general practice of "permits for other insurance without notice until required," which has now been abbreviated to "other insurance permitted," giving license for unlimited amounts of insurance which may be, in some cases, justified but in others may be a menace to the safety of the property covered, or a cause of suspicion as to the integrity of the assured and of the agent making the endorsement, as if, after a fire, the cause of which is not otherwise explained, the amount of insurance is found to be excessive, it may be suggested that the over-insurance really caused the fire and that the assured and the insurance agent had conspired to victimize the insurance companies, whereas there may have been nothing worse than carelessness in procuring and lazy complaisance in issuing the policies bearing this endorsement.

Fifty years ago, and sometimes afterwards, some insurance agents advertised their payments of losses and claimed to have exercised great "liberality" in so doing, although their duty to the insured, to the insurance company and, most of all, to the people in general, was to be as strictly just as possible; this "liberality" at other people's expense led to various devices for ignoring the statutory conditions which were and are the law of the land and are properly so as designed to cause care in the conduct of the business and good faith on all sides, hence we have a state of affairs which by the continual increase in the destruction of life and property constitutes a menace to the safety and welfare of all honest, careful people and should lead to common sense, honesty and care in the conduct of the fire insurance business.

This system of permits for unlimited insurances acts to the prejudice of genuine adjusters who seek to do their duty because some inexperienced persons really believe that, in case of fire, they are entitled to the full amount of their policies, irrespective of the amount of loss.

On one occasion a deputation of a bank manager, an insurance agent and a lawyer waited upon the insurance managers, that year in convention in Toronto, and demanded that a certain adjuster should no more be employed by the insurance companies, because he had in one case upset a claim for loss by fire where over-insurance had caused arson, and in another had, by instruction of the insurance companies, arranged an arbitration to determine as to whether they had already satisfied the equities in a case of breach of warranty, the result of which was unfavorable to the parties insured.

In all directions it is in the interest and safety of every honest person that the fire insurance business be conducted

with fairness, care and justice; when this is done the losses of life and property will be limited to such as are practically unavoidable and the whole people will be proportionately benefited. Some recent occurrences have emphasized these comments and should draw attention generally.

INCREASE ASSESSMENT ON IMPROVEMENTS

Saskatchewan Cities Must Assess at 60 Per Cent. of Value—Income from Real Estate Diminished

A proposal to require cities to increase their assessment on improvements up to 60 per cent. of their valuation, thus taking the matter out of the optional class, was one of the important clauses included in the amendments to the City Act which were given a second reading in the Saskatchewan Assembly on January 27th. The question is an important one, having been the subject of much debate not only in the city councils of the province but by a large number of citizens, in view of the apparent necessity for finding increased revenues for the cities.

Reviews Taxation

In moving the second reading of the bill, Geo. Langley, minister of municipal affairs, gave a brief but interesting review of taxation and taxation methods in Saskatchewan cities, in the course of which he referred to the disappointment which had been experienced at the failure of Professor Murray Haig to deal adequately with the question of finding new sources of revenue for the cities.

Pointing out that the income derived by cities from taxes had materially diminished during the past three or four years as a result of the collapse of the real estate boom, Mr. Langley went on to say that a great deal had been heard recently of what he described as a beautiful phrase: "Broaden the basis of taxation." This was a good, well sounding, rounded phrase which might be made to mean anything. It had been frequently used by delegations and also by the leader of the opposition, but he doubted whether some of the authorities who had used it so frequently knew what it actually meant.

Taxation in Urban Centres

Dealing with Professor Murray Haig's report on taxation in the urban centres of Saskatchewan, Mr. Langley described the first part of the report as a complete, comprehensive and exact layout of the situation in the cities and towns, but, in connection with the second part of the report which was supposed to provide the remedy, there was nothing much but disappointment. The suggestion, however, had been made in this section of the report and that dealt with the taxation on improvements. Mr. Langley pointed out that in 1915 the cities had been encouraged to again increase the assessment on improvements but so little disposition had been shown to take advantage of the powers given the city in this connection that the legislature had decided to take the matter in its own hands.

BETTER ROADS FOR ONTARIO

Addressing the annual meeting of the Ontario Motor League on January 20th, in Toronto, Honorable Finlay G. Macdiarmid, Ontario Minister of Public Works and Highways, stated that the government proposed immediately to ask for tenders for the construction of one hundred miles of the new provincial highway, and that on the remainder of that highway important and extensive preliminary work will be proceeded with during the summer. According to present plans the government does not intend to construct new highways of a uniform width or of standard cost. Honorable Mr. Macdiarmid stated that he will recommend to the government at the approaching session of the legislature that the roadways comprising the arteries that will connect with the trunk road be constructed of material suitable to the traffic of these particular roads.