

The owners had effected an insurance on the vessel on behalf of themselves and all persons to whom the subject matter might appertain, and the policy contained a collision clause. There was no stipulation between the owners and charterers that the owners should insure for the charterers' benefit. The charterers were found liable to pay damages caused by a collision, and in the course of the litigation in a foreign Court had expressly disclaimed having any insurance. Having paid the damages they now claimed to recover on the policy effected by the owners as being persons to whom the subject matter appertained. It was admitted that the policy was wide enough in its terms to include the plaintiffs, but it was denied that there was any intention to insure for their benefit. In these circumstances the Court of Appeal (1905) 1 K.P. 637 held that the plaintiffs could not recover, and with this conclusion the House of Lords (Lord Loreburn, L.C., and Lords Macnaghten, Robertson, and Atkinson) also unanimously agreed.

RAILWAY—CONTRACT—BREACH OF CONTRACT—LIQUIDATED DAMAGES—PENALTY FOR NON-COMPLETION OF CONTRACT—  
“ACTUAL COST” DOES NOT INCLUDE INTEREST ON MONEYS  
EXPENDED.

*Commissioner of Public Works v. Hills* (1906) A.C. 368 was an appeal from the Cape of Good Hope. The action was brought by Hills, the respondent, against the Government of the Cape to recover under a contract for the construction of a railway. The contract provided that in the event, which happened, of the contract not being completed within a specified time the plaintiff should forfeit to the Government certain percentages which the Government retained out of moneys payable to the plaintiff under two other contracts, and also certain security money lodged with its Agent-General, “as and for liquidated damages sustained by the Government for the non-completion of the line,” and that it should be lawful for the Government to take possession of the incomplete line and pay the balance due in respect of its “actual cost.” The Chief Justice of the Colonial Court held that the moneys held by the Government under the two other contracts were held as security only for any damage which the Government might be proved to have sustained by non-completion of the line and as no damages were proved the Government were not entitled to retain the money; and that upon the construction of the agreement the term “actual cost” was meant to