

INSURANCE: H.B. 249, 70th General Assembly, authorizing a combined fire and casualty policy will allow such combination policies to offer coverage "against all physical loss to property except as hereinafter excluded."

August 26, 1959



Honorable C. Lawrence Leggett
Superintendent of the
Division of Insurance
Jefferson Building
Jefferson City, Missouri

Dear Mr. Leggett:

This opinion is rendered in reply to your inquiry reading as follows:

"A question has risen in connection with proposed filings under the above Bill. Therefore, I am hereby asking for your opinion whether the Bill is broad enough to permit me to approve a policy which would combine fire insurance with insurance coverage as follows: 'Against all physical loss to the property except as hereinafter excluded'?

For whatever assistance it may be we think this question comes down to whether or not the insuring clause just quoted comes within the term 'allied lines' as used in line 5 of Section 1 of the Bill."

House Bill No. 249 of the 70th General Assembly of Missouri is in the following language:

"Section 1. Every insurance company licensed to do business in this state and authorized to make insurance on all three classes of insurance enumerated in section 379.010, Revised Statutes of Missouri, 1949, shall have authority to combine in single policies of insurance the perils of fire and allied lines with any one or more perils of casualty insurance which such company is authorized to make, and may charge therefor one indivisible premium or rate which may differ from

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the aggregate premium or rate applicable to separate policies covering the same property and risk or risks, and the difference in rates or premiums shall not be deemed to be unfairly discriminatory under the provisions of Chapters 375 and 379, Revised Statutes of Missouri, 1949: provided, however, that any company issuing any policy combining coverages including protection against the peril of fire shall not discriminate unfairly between risks of essentially the same hazards and having substantially the same degree of protection.

Section 2. No company shall issue such a policy combining the perils of fire and allied lines with any one or more perils of casualty insurance until after it has submitted each combination of coverages to the Division of Insurance for the Superintendent's approval or disapproval, and for establishing the public rating record to be maintained by each such company or insurer, or as may be similarly provided for, established and maintained by an actuarial bureau, and all combination of coverages approved by the Superintendent shall be regulated by the provisions of Sections 379.315 to 379.415, Revised Statutes of Missouri, 1949, which are not inconsistent with the authority herein granted."

The law quoted above is clearly directed to every insurance company licensed to do business in Missouri on all three classes of insurance enumerated in Section 379.010, RSMo 1949, and companies writing a combination of risks referred to in the cited statute have long been referred to as miscellaneous casualty companies with multiple line writing privileges. In your request for the opinion you refer to coverage against "all physical loss to the property except as hereinafter excluded," and seek to determine if such loss may be combined with fire insurance coverage under the language found in House Bill No. 249, supra.

It is apparent from the language of House Bill No. 249, that the legislative purpose was to authorize the described companies to "combine in single policies of insurance the perils of fire and allied lines with any one or more perils of casualty insurance"

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which those companies are authorized to write. The authority to combine the perils of "fire and allied lines" with "casualty insurance" in a single policy is very much in evidence from the plain wording used. Simply stated, will a comprehensive and generally accepted definition of "casualty insurance" embrace "all physical loss to property"?

At 44 C.J.S., Insurance, Sec. 6, we find the term "casualty insurance" treated in the following language:

"Although 'casualty insurance' is a term of quite frequent use, it cannot be said that its definition has been very accurately settled by the courts. It is commonly held to include those forms of indemnity providing for payment for loss or damage to property, except from fire or the elements, resulting from accident or some such unanticipated contingency, and for loss through accident, or casualties resulting in bodily injury or death. The term, however, is more properly applied to insurance against the effects of accidents resulting in injuries to property."

In Vol. 1, Couch on Insurance, Sec. 13, we find the following:

"In some jurisdictions a distinction, largely based on statutes, is drawn between accident and casualty insurance, the former being held to relate to accidents resulting in bodily injury or death, and the latter to property losses resulting from accident or casualty, such as boiler, plate glass, injury to property by strikes, etc. But as a general rule 'casualty insurance' covers accidental injury both to persons and to property. In fact casualty insurance has been defined as an insurance against loss through accidents or casualties resulting in bodily injury or death."

From the foregoing definitions directed to the term "casualty insurance," we find that the only property loss not comprehended in the definition is loss or damage to property occurring from "fire or the elements," and such loss or damage to property is covered by insurance against the perils of "fire and allied lines." Perils of

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casualty insurance are indeed numerous, depending on the known, as well as yet undiscovered, causes bringing about the casualty, but in every casualty involving damage to property there is a consequent physical loss to property to a greater or lesser degree. To assume that the broad definition of casualty insurance referred to above might be further restricted in its meaning to exclude physical loss to property which is the subject of ocean marine, inland marine or transportation insurance coverage, would ignore the fact that in a casualty policy directed to physical property the indemnity will be measured by the value of the property lost or injured, and the perils of loss are merely descriptive in name in order to bring the loss within the insuring clause of the policy.

Conclusion.

It is the opinion of this office that House Bill No. 249, passed by the 70th General Assembly of Missouri, giving authority to combine in single policies of insurance the perils of fire and allied lines with any one or more perils of casualty insurance, will allow such combination policies to offer coverage "against all physical loss to the property except as hereinafter excluded."

The foregoing opinion, which I hereby approve, was prepared by my assistant, Julian L. O'Malley.

Yours very truly,

John M. Dalton
Attorney General

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