



ASSOCIATION OF  
Average Adjusters

“A WAY WITH WORDS”

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# What does it mean?

*“This insurance covers direct physical loss or physical damage caused by ...”*

# What does it mean?

*“Sub-limit of US\$10,000,000 to apply to pipelines, however, the aforementioned not to apply to pipelines where used as a connecting conveyance.”*

# What does it mean?

## ***“Law, Practice and Jurisdiction:***

*It is agreed that this Policy shall be governed by and construed in accordance with the laws of England and Wales, with worldwide jurisdiction to apply subject to North American conditions.”*

# Use of terms

*“Sum Insured” or “Insured Value”?*

*“Deductible” or “Franchise”?*

# Use of Terms

- Each accident
- Any one event
- Any one Occurrence
- Each casualty
- Each and every claim
- Each and every loss
- Any one originating Cause

# The problem with ‘all risks’

- Understanding what the terms means
- Application of Sect.55 of MIA
- Introduction of cover via exclusions:

*“Excluding the cost of repairing or replacing parts rendered necessary by wear and tear, deterioration or inherent defect, but this exclusion shall not apply to other parts damaged as a result of such wear and tear, deterioration or inherent defect.”*

# I know what I meant!

- Yes – and I know what I meant!
- Mutual understanding and agreement
- Both parties may be blinded by intent
- Wording needs to be ‘a model of clarity’

# Have you read the policy?

- Inconsistencies
- Conflicts
- Clauses Paramount

# Some General Rules

- Drafting requires particular technical and analytical skills
- Use English and include punctuation!
- Ensure that intent is fully defined and mutually understood
- Clear and concise
- Keep thing simple
- Consider the wording as a whole