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Fire Insurance -- Application of the "Hostile Fire-Friendly Fire" Rule

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A valuable sapphire ring was inadvertently thrown into a trash burner where it was damaged by fire to the extent of $900. The fire had been intentionally lighted in the trash burner and was confined at all times to that receptacle where it was supposed to be. Action was brought to recover for the damage to the ring under a policy of standard form covering “all direct loss or damage by fire.” The lower court rendered a judgment for plaintiff; defendant appealed and the Kansas Supreme Court reversed, with two judges dissenting, holding that the fire in question was a “friendly fire” and loss therefrom was not covered by the policy.¹

In determining the liability of the insurer against damage by fire within the meaning of standard insuring clauses, the courts have almost universally adopted a rather subtle distinction between fires that are hostile and those that are friendly, notwithstanding that such distinction is not made in the language of the policy itself.² A hostile fire is defined as being a fire unexpected, in a place not intended for it to be and where fire is not ordinarily maintained, or as one which has escaped from its usual or intended place.³ Once the existence of a hostile fire is proved, the liability of the insurer extends beyond the immediate consequences of ignition and covers any loss proximately caused by fire.⁴ A friendly fire is one which is intentionally lighted.

⁴ Fire Ass'n of Philadelphia v. Nelson, 90 Colo. 524, 10 P. 2d 943 (1932) (damage from smoke and soot where fire escaped from range and burned floor and walls); Queen Ins. Co. v. Patterson Drug Co., 73 Fla. 665, 74 So. 807 (1917) (loss by theft of goods removed because of fire); Nash v. American Ins. Co., 188 Iowa 127, 174 N. W. 378 (1920) (damage caused by fire set in a silo for thawing ensilage which accidentally blazed up to the top of the silo); Way v. Abington Mut. Fire Ins. Co., 166 Mass. 67, 43 N. E. 1032 (1896) (damage by smoke and soot from fire caused by ignition of soot in chimney); Lynn G. & E. Co.
and confined within its usual limits, such as a blaze produced by lighting a match, or a gas jet or lamp, or a stove, furnace, or incinerator, and is employed for lighting, heating, cooking, manufacturing, or other common and usual everyday purposes. A friendly fire is not a fire within the usual terms of a policy and recovery cannot be had for smoke, soot, or heat damage (short of ignition) arising from such fire.

The Kansas case under consideration adopts the above distinction in denying recovery under a fire insurance policy for the loss of an article accidentally or negligently thrown into a fire which was intentionally set and burning in its intended place. The majority of the courts in the United States in which the point has been raised have

v. Meriden Fire Ins. Co., 158 Mass. 570, 33 N. E. 690 (1893) (damage to machinery in a part of the building not reached by the fire from short circuiting of electric current caused by the fire); Russell v. German Fire Ins. Co., 100 Minn. 528, 111 N. W. 400 (1907) (damage caused by fall of wall of adjacent building due to its burning); Cabbell v. Milwaukee Mechanics' Ins. Co., 218 Mo. App. 31, 260 S. W. 490 (1924) (damage caused by smoke and soot given off from explosion of hot water furnace where coals were blown out on earthen floor of basement); Coryell v. Old Colony Ins. Co., 118 Neb. 312, 229 N. W. 326 (1930), setting aside, 118 Neb. 303, 224 N. W. 684 (1929) (damage from fire, smoke and soot caused by flames shooting from open furnace door of oil burner); Firemen's Ins. Co. v. Boule, 96 N. E. 30, 69 A. 2d 696 (1949) (damage by water); Whitehurst v. Ins. Co., 51 N. C. 352 (1859) (damage caused by water in extinguishing fire and losses by theft consequent on removal of goods); Collins v. Delaware Ins. Co., 9 Pa. Super Ct. 576 (1899) (damage caused by smoke and soot from a coal oil stove where it extended to the tank in which the oil was kept); Watson v. American Colony Ins. Co., 179 S. C. 149, 183 S. E. 692 (1936) (damage resulting from removal of article because of fire); Progress Laundry & Cleaning Co. v. Reciprocal Exchange, 109 S. W. 2d 226 (Tex. Civ. App. 1937) (damage to boiler by fire entering and burning in compartments intended for air space); City of New York Ins. Co. v. Gugenheim, 7 S. W. 2d 588 (Tex. Civ. App. 1928) (damage by smoke and soot from fire escaping into furnace compartment intended for air space); Pappadakis v. Netherlands Fire & Life Ins. Co., 137 Wash. 430, 242 Pac. 641 (1926) (water damage caused by heat and flame escaping from a crack in the top of an oven and releasing a sprinkler valve); O'Connor v. Queen Ins. Co., 140 Wis. 356, 122 N. W. 1038 (1909) (damage by smoke, soot and heat from excessive fire in furnace caused by highly inflammable materials not intended for such purpose).

See note 3 supra.

denied recovery for loss or damage to jewelry in such cases. The Louisiana
alone seems to permit recovery, refusing to make a distinction between
an accidental loss resulting from a friendly fire and an accidental loss
resulting from a hostile fire. Only two cases have been found which
are in agreement with the Louisiana case: a French decision, Countess
Fitz-James v. Union Fire Ins. Co., and a recent English case, Harris
v. Poland.

This distinction between hostile and friendly fires had its beginnning
in the early English case of Austin v. Drewe. It has been criticized
and restricted by some authorities and courts, but yet recognized and
followed in the United States in all cases since except for the decision in Louisiana. There would seem to be doubt as to the correctness of

(1941); Harter v. Phoenix Ins. Co., 257 Mich. 163, 241 N. W. 196 (1932);
1924); aff’d without opinion, 214 App. Div. 784, 210 N. Y. Supp. 935 (1st Dept
1925); Reliance Ins. Co. v. Naman, 118 Tex. 163, 6 S. W. 2d 743 (1928).

2 IRISH LAW TIMES & SOLICITOR’S J. 169, March 30, 1889 (recovery
allowed for the destruction of a pearl earring accidentally knocked into a fire burning in
a grate).

3 [1941] 1 K. B. 462, 164 L. T. 283 (K. B.) (recovery allowed for the destruction of a
pearl earring accidentally knocked into a fire burning in a grate).

heat and smoke to sugar in the process of refining from the failure of an employee
to open a register at the top of the flue. The insurance company was held not to be liable as there was no fire within the meaning of the policy, since the fire
never was excessive and was always confined within its proper limits; nothing
was consumed by fire and the loss was due only to heat and smoke arising from
the negligent management of the machinery. Said the court, the company might
as well be sued for damage done to furniture by a smoky chimney; had the fire
been brought out of the flue and anything had been burnt, the insurer would have
been liable. Whereupon, states the reporter, the jury “with great reluctance, found
67, 43 N. E. 1032 (1896) where the terms “friendly” and “hostile” first seem to have been applied to fires in this connection.

(1924); Coryell v. Old Colony Ins. Co., 118 Neb. 312, 229 N. W. 326 (1930),
setting aside, 118 Neb. 303, 224 N. W. 684 (1929); Pappadakis v. Netherlands F.
of America, 140 Wis. 388, 122 N. W. 108 (1909); 2 MAY ON INSURANCE §402
(3d ed. 1891); Vance, Friendly Fires, 1 CONN. B. J. 284 (1927).

6 It must be remembered that the decision of the Louisiana court is based upon
the basic fact presumption in the doctrine, i.e., that both insured and insurer contracted with the understanding that the term "loss by fire" means loss by a "hostile fire" as the majority of courts have defined "hostile" in the past. Words used in insurance contracts are to be interpreted according to their plain and ordinary sense so as to give effect to the intention of the parties. A reasonable person might interpret the words "loss by fire" according to the distinction of hostile or friendly fires in the case of a smoky chimney or furnace but not where there has been an actual burning of the insured article.

The rule of construction so established is not at all in harmony with the general policy of American courts in construing insurance policies of whatever type to resolve every doubt as to the meaning of the words employed in favor of the insured claiming indemnity for an honest loss. There can be, of course, no question but that the damage suffered by the plaintiff in the above case was caused by "fire," or that it falls within the literal meaning of the words, "loss or damage by fire."

All of the cases decided in the United States on this point, other than a New York case decided earlier, rely very heavily on the opinion a fact situation in which an actual burning of the insured article occurs as a result of the fire, and hence may be distinguished from Austin v. Drewe. It is possible that Louisiana would recognize the distinction between hostile and friendly fires in case of damage short of burning (smoke, soot, heat-cracking), from a fire intentionally lit and confined at all times within its accustomed limits, although language in the case is sufficiently broad to argue that the court did not intend that the distinction should be applied to any situation. Salmon v. Concordia Fire Ins. Co., 161 So. 340, 342 (La. App. 1935).


The liability of an insurance company is ordinarily measured by the terms of the policy, but in the event of ambiguity it will be strictly construed against the insurer and liberally construed in favor of the insured. VANCE ON INSURANCE 808-810 (3d ed. 1951); 29 Am. Jur., Insurance §166, n. 16; 26 C. J., Fire Insurance §70, n. 19.

NOTES AND COMMENTS

of the Texas court in Reliance Insurance Co. v. Naman. In that opinion it is said: "The contract of insurance contemplates that the insurer will pay the insured the damages for all direct loss proximately caused by fire within the meaning of the policy. A friendly fire is not within the undertaking of the insurance company at all. If it were, the company would be liable, as in a case of unfriendly fire, for all direct loss or damage, irrespective of destruction or of actual ignition, and the fact that in this case there was an actual consumption of the insured property is of no importance in determining the liability of the insurance company. If the fire in the furnace was such a fire as the company insured against, then it would be liable for any direct loss or damage therefrom, and it would follow the insured could recover his damage for loss occasioned by the cracking of plaster in the furnace basement from the heat of the furnace, for the cracking of the paper on the walls from the heat of the grate, and for damage to the decoration and draperies through smoke and soot from the furnace or chimney place, and even for the replacement of furnace, grate, and range oven when burned out, for those clearly would be losses directly due to the respective fires. Those are not extreme illustrations, but liability in each instance would follow if the fire in this case be held to be within the policy." The Texas court seems to have overlooked the fact that the friendly fire doctrine can be restricted without eliminating it altogether. In any situation short of an actual burning of the insured article, recovery could be denied; but with the burning of the insured article there has really come into being a hostile fire, and recovery might be allowed without any danger that the situations feared by the Texas court would follow. The statement of the court that the actual consumption of the insured property in this case is of no importance in determining the liability of the insurance company is clearly erroneous, for this is one of the essential criteria in determining whether or not recovery should be allowed for damage resulting from a fire friendly in its origin.

118 Tex. 21, 6 S. W. 2d 743 (1928) (recovery denied where jewelry accidentally thrown into furnace). See City of New York Ins. Co. v. Gugenheim, 7 S. W. 2d 588 (Tex. Civ. App. 1928), where recovery was allowed for damage by smoke and soot from fire escaping into furnace compartment intended for air space. The Texas courts certainly draw a very technical and unrealistic distinction when allowing recovery in one instance for damage due to smoke and soot from a fire escaping into an area not intended, although still within the furnace; and in another case not allowing recovery for damage due to actual burning of the insured article where the fire does not escape.

Id. at 27, 6 S. W. 2d at 745.

"Nothing was consumed by fire... Had the fire been brought out of the flue, and anything had been burnt, the company would have been liable." Austin v. Drewe, 4 Camp. 360, 171 Eng. Rep. 115 (1815), subsequent proceedings, 6 Taunt. 436, 128 Eng. Rep. 1104 (1816). "I think that there is loss or damage caused by fire when there has been ignition of insured property which was not intended to be ignited, or when insured property has been damaged otherwise than
except for the damage to the furnace, grate, and range, are all losses short of burning from a friendly fire and so would not be included under the protection of the policy. In the case of the burning out of the furnace, grate, and range, the probable intention of the parties would prevent recovery, as it would be reasonably understood that they did not intend recovery for such gradual wear and tear by fire.\textsuperscript{21}

It is not suggested that the distinction between friendly and hostile fires be entirely discarded, as it probably serves a useful purpose in prohibiting recovery for damages short of burning arising from a friendly fire. But the distinction should be limited to its original conception as devised in \textit{Austin v. Drewe} and further clarified by \textit{Harris v. Poland},\textsuperscript{22} and used as a rule of construction determining the probable intention of the parties rather than as a rule of law limiting the insurer's liability. As defined in \textit{Austin v. Drewe}, a friendly fire would be one which is intentionally kindled, is always confined to the place where it was intended to be, is not at all excessive, and does not \textit{burn or consume} anything not intended to be consumed. Therefore, as applied to the facts of the principal Kansas case, recovery should have been allowed because there was in truth a hostile fire—there was a \textit{burning} of the insured article,\textsuperscript{23} and it does not matter that the burning resulted from the article being thrown into the fire rather than the fire coming to it. As succinctly stated in the \textit{Harris v. Poland} case:

\begin{quote}
\ldots the risks against which the plaintiff is insured include the risk of insured property coming unintentionally in contact with fire and being thereby destroyed or damaged, and it matters not whether that fire comes to the insured property or the insured property comes to the fire.\textsuperscript{24}
\end{quote}

\textsuperscript{21} The fear of the Texas court on this point seems to be clearly without basis as no cases have been found in which there has been an attempt to recover for the replacement of furnace, grate, and range when burned out from normal use and ordinary deterioration.

\textsuperscript{22} In an exhaustive analysis of \textit{Austin v. Drewe}, the English court discards the argument of the insurer that that case stands for the proposition that the policy covers only damage done to the insured property in a place where no fire was intended to be; rather said the English court its basis is that there must be a consuming by fire of something not intended to be consumed, and the primary ground of the decision in \textit{Austin v. Drewe} was the absence of any burning of any of the insured property.

\textsuperscript{23} As stated by the dissenting judge in \textit{Harter v. Phoenix Ins. Co.}, 257 Mich. 163, 241 N. W. 196 (1932): "The loss involved [damage to rings accidentally thrown into furnace] was occasioned by direct action of the fire. It was not like the scorched sugar case of \textit{Austin v. Drewe} where there was no ignition of the sugar. That case is analogous to seeking to hold an insurance company liable for damage to beans while baking in an oven, and has no application to the facts here involved."

The point raised in some of the cases, including *Austin v. Drewe*, that the loss was due only to the negligence of the insured or his servants is of no weight whatever in denying recovery under the insurance policy. It is well settled that mere carelessness and negligence of the insured or his servants, not amounting to fraud, though the direct cause of the fire, are covered by the policy unless specifically excepted. In fire risks it is one of the objects of insuring to secure indemnity against the consequences of negligence.

The one possible objection against the viewpoint urged here is that fraudulent destruction of property in order to collect insurance might be made easier. But this danger exists in any kind of insurance and might be adequately guarded against by requiring convincing proof that the loss did not result from the intentional act of the insured.

It is submitted that the American courts should restrict the friendly fire doctrine to its original limitations as set forth in *Austin v. Drewe*. Recovery should be permitted where there is an actual burning of the insured article, for in such case there is indeed, from a realistic point of view, a hostile fire.

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Insurance—Suspension and Revival of Policy After Breach of Condition

Plaintiff trucking corporation sought recovery in a federal district court in North Carolina from defendant insurance company for the loss of a quantity of cigarettes by theft from one of its trucks. Insured's driver parked the truck containing the cigarettes and went across the street to a cafe. He failed to turn on the alarm system on the truck which would sound a siren if the truck were moved. The driver returned to

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26 This was recognized by the Kansas court: "Negligence or inadvertence of an insured or of one of his employees of course ordinarily would not bar recovery..." Youse v. Employers Fire Ins. Co., 238 P. 2d 472, 477 (Kan. 1951).

27 By "burning" it is meant that injury or destructive change is produced by direct contact with the flame or by actual ignition. Depending on the physical characteristics of the insured article, it might or might not be consumed or reduced to ashes.

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1 "The trailer was equipped with the theft protection device, described in the policy and known as the Senior Babaco Alarm, consisting of two parts, the 'Sealed Load' alarm and the 'Parker alarm.' " Fidelity-Phenix Fire Ins. Co. of New York v. Pilot Freight Carriers, 193 F. 2d 812 at 814 (4th Cir. 1951).