

BOOK REVIEW

By Brad Caldwell

*Golden Sails - The Story of the Pacific
Coast Fisherman's Mutual Marine
Insurance Company*
by
Arne Sorbo

The history of the **Pacific Coast Fisherman's Mutual Marine Insurance Company** (the "**Mutual**") is a quiet success story. Quiet in the sense that few people are aware that the Mutual has grown from 14 insured fishing vessels in 1945 to approximately 2000 insured vessels at the present time which is roughly one third of the entire fleet. *Golden Sails* is an attempt by Arne Sorbo, the past general manager of the Mutual, to document the success of the Mutual and recognize the contribution which the past directors and employees have made to this success.

When I first received a copy of this book, I anticipated that it would be a *yawn* and only of interest to the past directors and employees of the Mutual who wished to see their names in print. However, I was pleasantly surprised.

Arne Sorbo devotes the opening chapter to matters of interest to history buffs. It gives a short review of the history of marine insurance starting from the days of the Vikings who were "*greedy power-seekers whose only objective was to seek wealth, gold, and beautiful woman.*" (1) It also traces the somewhat troubled history of the co-operative movement in B.C.

From here, the book traces the humble beginnings of the Mutual and its key to success, which Arne Sorbo attributes, largely, to the following:

1. screening of applicants by a board of directors who are active fishers;
2. periodic inspection of vessels by staff surveyors;
3. accident prevention; and
4. conservative investment of insurance premiums.

I discussed this matter with Vince Fiamengo, the current President of the Board of Directors, and he is of the view that by far, the most important contribution to the success of the Mutual, is the role, which the 21 directors play in approving persons when they first apply for insurance coverage.

As a lawyer practising in the area of maritime law, I found the chapter on *Coverage* to be of the most interest. This chapter provides an extremely concise and comprehensive review of the law as it relates to the contract of marine insurance. It is supplemented by an appendix which contains a handy glossary of both insurance terms and shipbuilding terms. Since I have on occasion acted as a lawyer for the Mutual, my opinion may be

somewhat biased, but in my view, Mr. Sorbo has for the most part, resisted the temptation to give a one sided view of the law.

Over the years, the Mutual has developed a reputation for being unsympathetic to machinery claims. Consistent with this approach, Mr. Sorbo provides an in depth discussion of the *inchmaree* clause which provides coverage for latent defects in machinery or hulls, provided the damage was not caused by negligence of the owner. Through a review of the legal authorities, Mr. Sorbo attempts to justify the hard line approach taken by the Mutual. He then concludes his discussion by pointing out that since the Mutual is founded on owner operated vessels, it has a policy of giving the owner the benefit of being treated as a crew member when it comes to claims arising from negligence.

The fifth chapter of the book deals with marine accidents. It reviews some of the history of shipwrecks in B.C. and attributes 10 per cent of the risk of loss to the vessel, and 90% of the risk to the crew. Not surprisingly Mr. Sorbo is a strong advocate of education for operators of fishing vessels. He gives D.F.O. some credit for the prevention of accidents through its timing of fishery openings and then gives the Mutual credit for such initiatives as periodic inspections, formulation of guidelines for the winter herring fishery, and fire prevention systems such as halon extinguishers and fuel shut off valves in stoves.

Arne Sorbo also gives credit to the Mutual's staff surveyors: *"They are studious and keep abreast of the ever-changing technology. They need the diplomacy of an ambassador, the touch of a psychologist, the skill of a shipwright, the aptitude of an electrical engineer, the eyes of an x-ray machine and, not least, smiles on their faces."*(64)

The sixth chapter of the book traces how the Mutual gradually built up its reserves after a modest beginning with only \$120 dollars. A part, which is particularly of interest given the size of our current government deficit, is where Arne Sorbo compares co-op reserves to public debt. He says as follows: *"The modern state incurs debts which serve the present generation but will be paid by future generations. A co-op, on the other hand, creates reserves from the contributions of present generations which will serve future generations."* (75)

The next two chapters deal with members with excellent claims records and past presidents, managers, and directors. To a large extent, these chapters are mainly of interest to past members, managers and directors.

The closing chapters deal mostly with anecdotes. My favourite is as follows:

"The Prince Rupert jail in those days was not a jail like we have today. After a friendly fight, the aggressor might get free lodging, and the jail became a friendly institution for socializing, especially during the cold winter months. One particular time, Einar [Dahl] complained to the police officer that the diet in jail lacked fresh fish. The gentleman guard gave a few prisoners leave to go fishing

for a few days with the understanding that they would return with the fish. All went well except for one minor point. Nobody in the jail wanted to cook or was qualified to do so. They knew of a Chinese cook whose talents they appreciated. In some mysterious way, the cook ended up in jail and became the official cook for this fish-loving bunch of fun-loving rabblers. Einar added that the cook had a good time. (118)

I would recommend ***Golden Sails*** as a good read to any fisher, vessel broker, insurance broker, or lawyer who is involved with the fishing industry. Arne Sorbo's celebration of the success of the Mutual on its 50th anniversary proved to be an entertaining *yarn* rather than a *yawn*. Unfortunately it has only been distributed to members of the Mutual and it is **not** for sale. If you wish to read the book, you should borrow one from a member or try the Vancouver Public Library or the law libraries at the University of Victoria or U.B.C.

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