stroyed the insured premises. Roche, J., who tried the action, held that the loss was covered by the policy, and that the proviso only related to an intentional destruction of property by the Government.

GUARANTY—SURETY—PAYMENT ON DEMAND—NECESSITY OF DEMAND—STATUTE OF LIMITATIONS—NOVATION.

Bradford Old Bank v. *Sutcliffe* (1918) 2 K.B. 833. This was an action to enforce a guaranty in the following circumstances: In 1894 the plaintiff agreed to make a loan of £3,600 to a company, and to allow the company to make an overdraft of £2,500 upon the security of £6,100 of debentures and the guaranty of the defendants, two of the directors. The debentures were deposited and the defendants gave the plaintiffs a guaranty to pay them on demand all sums owing by the company not exceeding £6,100 and interest from time of default by the company. In 1898 one of the defendants became insane, and of this the plaintiffs had notice in 1899. The Company continued to bank with the plaintiff until 1907 when the plaintiff became amalgamated with another bank, selling to the new bank all its debts and the benefits of all securities, and guarantees, the company's account was transferred to the new bank and the company paid interest to the new bank. In 1912 the plaintiffs demanded payment from the company of the amounts owing, and then commenced an action to enforce the debentures in which they realised part of the amount due to them; and in 1915 the present action was commenced against the defendant as committee of the lunatic guarantor for the balance due from the company after deducting the amount realised on the debentures. Lawrence, J., who tried the action, held that so far as the lunatic guarantor was concerned his guaranty ceased as a continuing guaranty in 1899 when the plaintiffs had notice of his lunacy, though his liability for the amount then due continued; that the amount then due on current account had been satisfied by subsequent payments; but that the defendant was liable for the amount due on the loan account. The defendant appealed and the Court of Appeal (Pickford, Bankes, and Scrutton, L.JJ.) held (1) that the loan account and current account could not be treated as one account, and therefore that subsequent payments into the current account could not properly be applied as satisfying the loan account; (2) that the plaintiffs' claim was not barred by the statute, because no cause of action arose until demand had been made by the plaintiffs and no demand was made until 1912; (3) that the transactions arising out of the amalgamation of the plaintiffs with