

The main point relied upon and the one most strongly urged before us by counsel for the defendants was the failure of the plaintiffs to audit or examine the collector's rolls of the town. . .

Counsel for the respondents argued that the answers of the Mayor were not embodied in the bond in question sufficiently to comply with the provisions of the Insurance Act, R.S.O. 1897 ch. 203, sec. 144, and cited *Village of London West v. London Guarantee and Accident Co.*, 26 O.R. 520, in support of this proposition. We are, however, precluded from giving effect to this argument by the decision of this Court in *Hay v. Employers' Liability Assurance Corporation*, 6 O.W.R. 459, by which it was held, under the authority of *Venner v. Sun Life Insurance Co.*, 17 S.C.R. 394, and *Jordan v. Provincial Provident Institution*, 28 S.C.R. 554, "that the plaintiff's proposal and the statements therein contained are, by reference thereto in the policy, sufficiently incorporated therewith and set out in full therein, within the meaning and requirements of the above section (144), and, therefore, form the basis of and are part of the contract between the parties."

It is true that in the *Venner* case the statements relied upon were contained in the answers of the applicant for the insurance. Here they are not in the answers of Mattson, who was the applicant, but in those of the Mayor, who answered on behalf of the town corporation the questions put by the company on which the bond was to be based. This brings the case within another decision of this Court, in which the answers were given by the party in whose favour the policy was to be issued, as in the present case, viz., *Elgin Loan and Savings Co. v. London Guarantee and Accident Co.*, 11 O.L.R. 330, in which *Hay v. Employers' Liability Assurance Corporation*, above cited, was expressly followed.

It was further argued on behalf of the town that, the corporation having passed a by-law two auditors under sec. 299 of the Municipal Act of 1903, their full duty was performed, and they were not responsible for the acts or omissions of the auditors, who were statutory officers.

It is not necessary now to inquire how far the responsibility of the corporation may possibly extend under the statute; but we have to consider what obligation, if any, arises from the contract based upon the answers given by the Mayor, and how far the corporation may be affected by the information conveyed to the council by the reports made to them by their auditors. . .

Whatever might have been the duties of the auditors and the corporation with respect to the collector's rolls in case there