The principal condition of the policy as to proofs of claim was as follows: "The employer shall furnish his claim, with such full particulars thereof as shall prove to the satisfaction of the corporation, the cause, nature and extent of the loss he has sustained and the correctness of his claim;" to which was added the following clause: "On condition, also, that the particulars furnished by the employer in proof of his claim shall include all reasonable verification of the statements made in his written proposal or statement above mentioned (referring to the answers given in the employee's application for the insurance), and of the compliance therewith, and shall be all or any of them verified by affidavits duly certified if required by the corporation." The written proposal or application of the plaintiffs for the insurance consisted partly of certain questions and answers and was closed with the following: "I declare that the above statements are true, and I consent that the above replies shall be taken as the basis of the contract between us and the above named corporation," and was signed "Globe Savings & Loan Co., E. W. Day, Man.," and the policy on the face of it stated that it was granted in consideration of a certain payment of money and "of the statements, representations and agreements made by the employer in his written proposal or statement which is hereby made a part of this agreement." The policy also contained the condition that: "if any suppression, misstatement or material omission shall have been made by the employer in his proposal, or at any other time whatever, of any fact affecting the risk of the corporation or in any claim made under this agreement, or if the employer has entrusted, or shall continue to entrust, the employed with money, securities or other evidences of value after having discovered any act of dishonesty or fraud, this agreement shall be null and void, and all premiums paid thereon forfeited to the corporation."

Among the questions and answers in the application were the following: Q. "Is he required to give printed receipts from a book with counterfoils? If so, how often will the counterfoils be examined and checked? A. Receipt pass-book when money is paid him; checked monthly by head office list." (This apparently referred to pass-books furnished to borrowers and subscribers to shares in which their periodical payments to the agent for the company were to be entered and initialled by him).

Q. "Are moneys to be paid into the bank by applicant? If so, how often will the bank book be inspected and checked? A. Yes; monthly by head office."

After the discovery of the defalcations of Young the plaintiffs furnished certain proofs of the loss, and in response to demands made on behalf of the defendants the plaintiffs' manager sent several declarations intended to verify the correctness of the answers set forth in the proposal and of the compliance therewith, and of the claim made on the defendants.

The evidence shewed, however, and the Judge found as a fact that the proofs furnished were inaccurate and untrue in the following respects:

(1) The answer as to the course of business with respect to the receipt