

to have the largest coverage you can get and not need it, than to need it and not have it. It puts a credit business on a practically cash basis, and it relieves the feeling of apprehension and uncertainty incident to the transaction of every credit business. Bankers and other dispensers of credit require fire insurance to prevent loss on goods in the possession of those to whom credit is given. Statistics show that losses by failure exceed considerably losses by fire in the United States. Why should the merchant not demand that his goods, which are in the hands of his debtors and payment for which is, to put it euphemistically, deferred, should be covered by insurance against an evil so much more potent than that guarded against by fire insurance? Credit insurance, in the estimation of many successful business men, is the credit man's best friend. It aids him in keeping his losses down to a normal amount, and when they exceed that amount, makes good such losses.



#### WARRANTIES AND REPRESENTATIONS IN CONTRACTS OF LIFE INSURANCE, II.

Conclusion of Summary of Paper read by Mr. Victor E. Mitchell, before the Insurance Institute of Montreal.

Where an applicant makes a warranty that he is in sound or good health when the policy issues, and he is not in sound health, the insurer will be released from liability. The expression "good health" or "sound health" which means the same thing, does not import that the insured is absolutely free from all bodily infirmities, or from all tendency to disease, but that he is in a reasonably good state of health and is free from any disease or illness that tends seriously or permanently to weaken or undermine the constitution.

#### ILLNESS BEFORE INSURANCE.

Serious illness or injury is one that permanently impairs the constitution and increases the risk. No absolute test is possible. It has been said that an honest belief in the truth of the answer is all that is required; but there is authority that due care must be exercised in forming the belief. Statements by the applicant as to his maladies are material, and he should state the facts correctly so far as he knows them, but he is not expected to mention all of his temporary derangements from which he has recovered without impairment of his general health. If, however, he has had any disease likely to affect his general health and fails to remember it, the policy may be avoided.

#### SINGLE OR MARRIED.

If the question is asked whether the applicant is married or single the answer must be true, for by asking the question the insurer has shown that an answer was considered material. So material does the company deem this information, that it stipulates that its liability depend upon the truth of the answer.

#### RESIDENCE.

When the residence of the applicant is asked the meaning is that the ordinary place of abode of the person should be given. A false statement as to residence, when the answers are warranted to be true, will avoid the policy.

#### OCCUPATION.

The occupation of the applicant, which is required to be disclosed, means the business in which he is engaged at the time of making the application. Occupation is, of course, a very important element of the risk; hence, in fixing the rates, this point is considered of primary importance, and the assured are divided into different classes, with rates and according to systems of assurance consistent with and varying according to the hazards of their respective employment. A policy effected under his then correct description by a person who had at that very time an intention of entering on a more dangerous occupation, but which, nevertheless, he studiously concealed, would be clearly fraudulent; but a *bona fide* change, not anticipated when the policy was issued would not, it is conceived, avoid the policy, unless a special provision to that effect was contained in it.

#### ANSWERS IN REGARD TO PARENTS, RELATIVES, ETC.

The age of the parents of the applicant at the time of their death, the diseases of which they died, and facts relating to the relatives and family of the applicant, are all material and must be truly stated. Where the statements of the application are warranted to be true, the stipulation is for absolute truth and not for the truth according to the belief of the applicant, and if such applicant answers falsely that *his brother never had insanity*, the contract is void.

#### FAMILY PHYSICIAN—MEDICAL ATTENDANT.

Where questions are asked as to the family physician, or medical attendant, of the applicant, they must be answered truthfully and in good faith or the policy will be avoided. The question is material to the risk.

#### HABITS.

Applications for life insurance generally contain questions bearing upon the habits of the applicant, especially in regard to the use of intoxicants, tobacco and opium. In whatever language these questions are couched the words are to be taken in their plain, ordinary meaning. As where the enquiry was whether the applicant "was sober and temperate" the Court said: "The words 'sober and temperate,' are to be taken in their ordinary sense. 'The language does not imply total abstinence from intoxicating liquors. The moderate, temperate use of intoxicating liquors is consistent with sobriety. But if a man use spirituous liquors to such an extent as to produce frequent intoxication, he is not sober and temperate within the meaning of the contract of insurance." *Brockway vs. Mutual Benefit Life Insurance Company*, 9 Federal Reports, 253. Habits of intemperance acquired subsequent to the insurance, even though the cause of death, will not avoid the policy, unless expressly so stipulated.