

THE EFFECTS OF LIENS ON INSURANCE.

A group of decisions recently published in the law journals all have the same general bearing in regard to the effect of a lien being placed upon property which is insured. We are unable to reconcile some of these decisions with the explicit terms of the policies which they practically interpreted in a sense contrary to that intended by the insuring companies. Such words as, "any change in the title, interest, or possession of the property insured, made without the assent or subsequent approval of the company, shall void this policy of insurance," seems very clearly to relate to such a contingency as a lien being placed upon a property. When a property is placed under a judgment lien, a chattel mortgage, or an ordinary mortgage, the "title and interest" of the owner of such a property are changed, they are no longer his absolutely, they are only his upon his removing the lien upon the property, whatever the nature of that lien may be. The very terms of a mortgage convey the "title" to the mortgagee during the continuance of the loan which it secures. A judgment lien as clearly gives the creditor in whose behalf it is insured, an "interest" in the property of his debtor, and the legal "possession" of an article placed under a chattel mortgage is vested in the mortgage. When an insurance company issues a policy covering certain property, the contract for indemnity in case of loss by fire is made with the then owner of such property. The personal element is one of the express conditions of the instrument, and a very important one, as a company may accept a risk from one person, which it would decline to take from another. Or, it will accept a risk which is believed to be free from encumbrance, which it would look askance at if known to be covered by a judgment lien or a mortgage, for, strange as it may be, the inflammability of property is increased by its being made subject to a lien. This does not arise from the risk of incendiarism being introduced, though that has to be considered, but is a natural result of property having indefinite ownership, and being therefore less carefully looked after than before a lien was put upon it. A mortgagor very frequently is greatly irritated at having a mortgage registered against him, and if he is the occupant of the property, he is tempted to become very careless, if not reckless, about its protection from fire. He comes to the conclusion perhaps that the only chance of getting rid of the incubus is by selling out to the insurance company by letting the place burn up. A fire causing total loss of a property is often a god-send to a mortgagor, and one who has been put under a judgment lien will often watch the fire which removes a lien with great satisfaction. With all deference then to the Courts which have decided that mortgaging a property is not an avoidance of the policy of insurance under the clause which declares it void by any change in the title, interest, or possession of the property, we hold that a serious alteration has been made in the conditions of the contract between insurer and insured when the property at risk is placed under a legal lien such as a mortgage or a judgment. An insurance company is equitably

entitled to notice of such change in the "title and interest" of any property it has covered, and, in default of due notice and securing its formal assent to the change, it is fairly entitled to regard the contract cancelled by new conditions having arisen to which it has not assented.

THE SUN LIFE ASSURANCE COMPANY.

The Sun Life of Canada has issued a Report for the past year, which cannot but be highly gratifying to the large body of its friends. The past year was not favorable for any class of business, and for that of life assurance was, in our judgment, accompanied by exceedingly adverse conditions. The necessity for economy was felt more in 1895 than in 1894, and economy was all the more difficult to push further as the strain had been heavy for over a year. Many sacrifices had been made in 1894 to keep policies alive, or to secure them; in 1895 the task of paying premiums was more difficult, and many shrank from making applications, or made them for smaller amounts than they would have preferred, because other obligations left them so small a margin. Still, the Sun Life of Canada received the very large number of 6,800 applications for assurance during the year, for \$9,822,905. The close scrutiny exercised by the management is very manifest by these applications having been reduced to 6,411 before acceptance, the total approved being for \$8,866,688. No less than one million dollars of business was declined as not being up to the standard. The new policies taken in 1894 were 4,222 for \$7,307,553, showing that the increases in 1895 were, in numbers, 2,189, and in amount, \$1,559,135. This was a very handsome addition to the business to be made in a year of depression. The total insurance in force at close of 1895 was \$34,754,840, which exceeds that of 1894 by \$3,226,270.

The premium income, net, was raised considerably, and the total income went up from \$1,373,596 in 1894, to \$1,528,054, making the gross enlargement of income last year \$154,458. The net assets were \$5,365,770, compared with \$4,616,419 in previous year. The reserves on policies according to government standard stood as \$4,734,016. As we have before stated, the management of the Sun is anticipating the time when the government will reduce the rate for valuing reserves from 4 1/2 to 4 per cent., and has placed \$272,995 as an additional amount specially set aside to change standard to 4 per cent. This raises the total reserve of the Sun Life of Canada to \$5,007,011. This policy of prudentially taking time by the forelock gives the company a substantial claim on public confidence, which, however, it is enjoying to an increasing extent year by year.

The Sun Life is conducted with especial economy and the closest watch over its funds, to see that every dollar does a dollar's worth of work in some way. It is fortunate in having as Secretary so able an Actuary as Mr. T. B. Macaulay, whose wise counsel and expert guidance are greatly valued. Mr. R. Macaulay, the President, stands high as a careful, sagacious business man, whose experience and sound judgment in matters of finance are recognized all over the Dominion, to whom the Sun Life of Canada owes much of the strength of its financial position.