

reserved the right to change, he, of course, may freely do so. A point comes up here which is worth mentioning. If the assured has reserved the right to change, it has been decided that his creditors may force him to change so that the policy in that event it not secured against creditors during the life-time of the assured. In Manitoba alone among the provinces the act gives the assured the right to revoke the appointment of even a preferred beneficiary, and while so far as I am aware, there has been no legal decision on the subject it is possible that creditors may in Manitoba be competent to force a policyholder to reclaim his policy for the benefit of his estate, and if this is the case the purpose of the legislation would be in large part rendered null.

"The preferred beneficiary legislation is on the whole very desirable. It enables a man to make a provision for his family which he knows will be theirs, no matter how involved his personal estate may be at his death and it protects his family against his own carelessness and possibly even his enmity in later life. A life insurance policy in favor of the wife would be an excellent adjunct to every marriage contract.

"The legislation in the various provinces with respect to preferred beneficiaries is very similar in general principles, although there is a number of differences and inconsistencies which might well be eliminated. I have found it impossible in the limited time at my disposal to prepare a comprehensive paper discussing all the differences and inconsistencies and pointing out the merits and disadvantages of the various clauses which have been adopted. However, it might be useful to set out here a list of the preferred beneficiaries in the various provinces. These are as follow:—

"In Nova Scotia, Ontario, Saskatchewan and Alberta the preferred beneficiaries are: Husband, wife, children, grandchildren and mother. In Quebec, the preferred beneficiaries are: Wife, children and step-children. In New Brunswick, the preferred beneficiaries are: Husband, wife, children, grandchildren, mother, father, brothers and sisters. In Manitoba, the preferred beneficiaries are: Husband, wife, children and step-children.

"In British Columbia, the preferred beneficiaries were: Husband, wife and children. In Prince Edward Island the act originally included, husband, wife, children, grandchildren, mother, father, brothers and sisters, but the three last mentioned were cut out in an amendment to one section of the act, but unfortunately the amendment was not carried throughout the whole act, so that probably father, brothers and sisters should still be regarded as preferred beneficiaries in Prince Edward Island. This is a matter which might well receive the immediate attention of the legislature of the province.

Relatives in Preferred Class.

"So far as the life insurance companies are concerned it makes little difference to them how wide or narrow the preferred class may be, but it is perhaps unfair to creditors that father, brothers and sisters should be included as is the case in New Brunswick and Prince Edward Island. There should be no difficulty at a meeting of provincial superintendents of insurance of arriving at a unanimous agreement as to what relatives should be included in the preferred class. Not only would this remove a great deal of inconvenience and possibility of a mistake, but it would also avoid a difficulty which is frequently experienced where a policyholder moves from one province to another and the question of what law governs comes up for consideration. The laws of Saskatchewan and Ontario are identical in phraseology with the exception of perhaps a word or two.

"The act in Alberta is very similar in effect to the legislation of Saskatchewan and Ontario, but in it a certain independence in the matter of phraseology which while excellent with respect to literature generally is undesirable in matters of legislation."

Ontario Act Preferable.

Mr. Ferguson selected the Saskatchewan act for particular review. Dealing with it he said: "Section 178 of that act provides that the sections to follow shall deal with contracts of insurance made before the passing of the act as well as to contracts made after the passing of the act. This is advisable. Section 179 provides that any person of the full age of twenty-one years is competent to deal with life insurance matters in certain connections. The Ontario act differs in this respect since it gives such powers to persons of the age of 15 and over. The

Ontario act is preferable, inasmuch as it facilitates the insurance of young people at ages when it is very desirable that they should begin to make provisions. Sub-section 2 of section 179 makes a satisfactory provision for the case where insurance premiums are paid with intent to defraud creditors, but it is doubtful whether a man's income to the extent of the premiums on a limited amount of insurance in favor of wife or children should not be free from the claims of creditors. Sub-section 3 is also quite satisfactory. It makes provision for the mode of designating beneficiaries and subject to the restrictions with regard to the preferred class permits change of beneficiary. This is important because in some of the provinces there is no clear provision for changing the ordinary beneficiary.

"Sub-section 4 provides that where the beneficiary under an insurance policy is affected by the will of the assured, any change so made will be deemed to be made at the date of the will and not at the death of the testator. Sub-sections 6, 7, 8 deal with minor matters and are satisfactory.

Before Maturity of Policy.

"Sub-section 9 provides that should the ordinary beneficiary die in the life-time of the assured, the insurance shall revert to the benefit of the estate of the assured. This is satisfactory, but in lieu of the words, 'In the life-time of the assured' it would perhaps be better to use the phraseology of the Alberta act which is 'Before maturity of the policy.' This would cover better the case of an endowment policy. Where there are several beneficiaries, the share of a deceased beneficiary shall accrue to the surviving beneficiaries, if no other disposition is subsequently made by the assured. Sub-section 10 provides that the insurance company shall not be responsible for any change of beneficiary of which it is not notified. This is necessary, and, of course, satisfactory." Mr. Ferguson passed several sections dealing with other matters and came to section 186 dealing specifically with preferred beneficiaries. Continuing he said: "The first sub-section of this section enumerates the preferred beneficiaries as husband, wife, children, grandchildren and mother. Sub-section 2 deals with the creation of the trust in favor of such beneficiary. Sub-section 3 provides that where two or more beneficiaries are designated without apportionment, all of them shall share equally.

Proceeds to Wife.

"Sub-section 4 deals with the case where the insurance is made payable not to a designated beneficiary but to a beneficiary described simply as wife, or as wife and children. The wording is satisfactory but the practice of so describing the beneficiary should be deprecated and possibly the act should state clearly that where a policy is made payable to the surviving children, the obvious meaning would apply. Sub-section 5 is badly worded and the meaning is by no means clear. The attention of the superintendents for Ontario and Saskatchewan might be directed to that sub-section in their consideration of any amendments. On close analysis it would appear that where a policy is in favor of a wife designated by name the proceeds of the policy shall nevertheless be paid to wife and children, which seems absurd. Sub-sections 6 and 7 deal with minor matters and are satisfactory.

"Sub-section 8 is a long affair and probably it cannot be shortened. It makes provision for the death of the preferred beneficiary in the life-time of the assured and authorizes the assured to appoint by declaration a new beneficiary whether such new beneficiary belongs to the preferred class or not and proceeds to designate to whom the proceeds of the policy shall be payable should the assured fail to make any such declaration. It would be well here to provide that if the policy contract itself states that the insurance shall revert to the estate in the event of the death of the beneficiary such provision in the policy shall apply. The corresponding section in the Manitoba act is satisfactory. Section 187 authorizes a change of beneficiary within the limits of the preferred class. Section 188 deals with the case where the assured is unable to continue the insurance and permits him to borrow the premiums as they fall due or to accept a paid-up contract in lieu of the original insurance.

Greatest Variety Appears.

"Section 180 permits the assured in writing to require the company to pay him the profits or allot them as bonuses or premium reductions without consulting the beneficiary. This is satisfactory, but it would perhaps be better, as appears to be the case in Manitoba, to definitely make the profits belong to the assured without the necessity on his part of making application to the company in writing therefor. Sub-