

By another variation of the Statutory Conditions it was provided that the words "or its local agent" in the 3rd Statutory Condition were struck out, and that wherever the words "agent" or "authorized agent" occurred elsewhere in the Statutory Conditions, such "agent" or "authorized agent" should be held to mean the company's secretary only.

*Held*, that this was a just and reasonable variation, and that it was not unjust or unreasonable to stipulate that notice of important changes in the character of this risk should be communicated to the head office of the defendants.

*Creswicke*, for plaintiffs. *Judd*, and *W. R. Meredith*, for defendants.

Boyd, C., Meredith, J., Magee, J.]

[Feb. 24.

ELGIN LOAN & SAVINGS CO. v. LONDON ACCIDENT CO.

*Guarantee—Application—False statements—Basis of contract—Insurance Act—R.S.O. 1897, c. 203, s. 144 (1) (2).*

A guarantee agreement issued upon the application of an employee, accompanied by the answers of the plaintiff company, the employers, touching the duties of the applicant, which answers it was agreed were to be taken as the basis of the contract between the employers and the guarantee company,—recited on its face that "Whereas the employee has delivered to the company certain statements and a declaration setting forth among other things the duties and remuneration of the employee, the moneys to be entrusted to him, and the checks to be kept upon his accounts, and has consented that such declaration and each and every the statements therein referred to or contained shall form the basis of the contract hereinafter expressed to be made,—but this stipulation is hereby limited to such of the said statements as are material to this contract."

*Held*, that this had the effect of embodying the material facts of the preliminary application and declaration, whether by the employee or employers, into the face of the contract, and satisfied the requirements of s. 144 (1) of the Insurance Act, R.S.O. 1897, c. 203, that "the terms and conditions of the contract shall be set out in full on the face or back of the contract." It is enough to unite by express reference the basis of the contract, and the actual contract resting thereon.

*Held*, however, that the case fell rather under s. 144 (2) which provides that any term or condition avoiding the contract on account of false or erroneous statements in the application or inducing the entering into of the contract, must be limited to