

THE CHANGE OF BENEFICIARY QUESTION.

A number of life assurance companies have a clause in their policies which reads:—

"The insured may, at any time during the continuance of this policy, provided that the policy is not then assigned, change the beneficiary or beneficiaries by written notice to the company, at its home office, accompanied by the policy, which change takes effect on the endorsement of the same by the company upon the policy."

A gift with a string to it would describe a policy which, after being specifically assigned to a beneficiary, could be diverted without that beneficiary's consent to some other person. There is, indeed, a contradiction in terms in speaking of a person being the "beneficiary" under a life policy when that policy is at a disposal of the policy-holders, or the person whose life is insured. How can anyone be a "beneficiary" when the title to what he is supposed to have the benefit of is vested in some one else? The word "beneficiary" implies the recipient of a benefit, of a gift, but what benefit or what gift is received by one to whom a policy is assigned, the title to which still remains untransferred to said beneficiary? Such a transaction is a mockery, and likely to be a very cruel and fraudulent one. A policyholder with such a policy may delude his wife with an assurance that he has assigned to her the title to a life policy. Under this delusion—for it would be a delusion if such a clause as the above existed in it—the wife might effect arrangements in regard to her personal estate that she would have never thought of doing but for her reliance upon being the beneficiary under her husband's life policy. Thus a widow might discover that she had voluntarily stripped herself of all her property, and that she had been deprived involuntarily of her supposed beneficiary rights. What more cruel position could a widow, or orphans, or bereaved relatives be placed in? Although several companies operating in Canada issue policies containing this clause, it is regarded as contrary to the law of Canada, which does not recognise the right of a policyholder to assign his policy to one person and afterwards cancel such assignment in favor of another person. The title of a beneficiary is either absolute, inalienable except by himself, or it is no title at all. Doubtless there are cases where it is desirable to change the beneficiary of a life policy. There may have been misconduct justifying the change, or mental aberration necessitating it, or death rendering its purpose no longer in existence, or the beneficiary may have acquired property which renders any further provision needless. There are policies extant in Canada that need to have their beneficiary changed for one or other of above reasons. But so long as the policyholder who assigned the policy retains the power to change the beneficiary, the title of that beneficiary is in suspense, and a freak of temper on the part of the policyholder, or some unjustifiable

motive, may cause him to make a change in the beneficiary that will inflict a cruel wrong upon his bereaved family. At the annual meeting of the Actuarial Society of America, Mr. William McCabe, managing director of the North American Life, is reported in "The Insurance Press," to have raised the question "that a policy containing such a clause is no longer free from the claims of creditors, and that in case the policyholder became insolvent his trustee in bankruptcy might compel him to surrender the policy for its cash value in order to satisfy the claims of creditors. Mr. McCabe was supported by Charlton T. Lewis, who said that a contract with a change of beneficiary clause is substantially similar to a contract in which the proceeds are payable to the estate of the insured. His opinion is that in the case of bankruptcy the beneficiary's interest would be secondary to that of creditors. He suggested, however, that an entirely different question would arise if the power to change the beneficiary was so limited that it could only be exercised in favor of one or more of a named group of persons, the insured himself not being one.

Many companies consider that the law regarding this matter needs changing. It seems desirable to give some elasticity to the beneficiary clause so as to provide for contingencies that are frequently arising that render a change in the beneficiary advisable, but the main intention of a life policy to make provision for the bereaved ought to be so safeguarded as to avoid all risk of wrong being done to those who may be left dependent upon a life policy for their protection from distressful poverty.

A CIRCULAR OF CONSIDERABLE INTEREST to life companies and their agents generally has been issued by the New York Life, which is intended to assist duly licensed agents.

"Any broker or party presenting an application to your cashier will be referred by him to you, or to one of your co-workers, through whom he must transact his business hereafter. If a broker or helper has brought business to you heretofore, and continues to do so hereafter, in the event of your absence the cashier will transact the business for you gratis. Should a representative of another company submit an application to us, such business will be treated in all respects as brokerage business. Correspondence from brokers, outside parties or representatives of other companies relating to cases will be duly referred to agents in turn, whether in the large cities or in the towns and counties adjacent to branch offices, according to source of inquiry. In every case where a broker or outside party is interested in any part of the commission for assistance upon the case, you must secure the regular anti-rebate slip duly signed by the broker. In such cases you must also specify on the form which accompanies each application the amount of commission which is to be paid to such broker or helper."