Solid Growth

Up-to-date business methods, backed by an unbroken record of fair-dealing with its policyholders, have achieved for the Sun Life of Canada a phenomenal growth.

Assurances in Force have more than doubled in the past seven years, and have more than trebled in the past eleven years.

To-day, they exceed by far those of any Canadian life assurance company.

SUN LIFE ASSURANCE COMPANY OF CANADA
HEAD OFFICE—MONTREAL

The London & Lancashire Life and General Assurance Association, Limited

Offers Liberal Contracts to Capable Field Men

GOOD OPPORTUNITY FOR MEN TO BUILD UP A PERMANENT CONNECTION

We Particularly Desire Representatives for City of Montreal

Chief Office for Canada:
164 ST. JAMES STREET, MONTREAL.

ALEX. BISSETT - - Manager for Canada.

UNION ASSURANCE SOCIETY
LIMITED
OF LONDON, ENGLAND

FIRE INSURANCE, A.D. 1714.

Canada Branch, Montreal:
T. L. MORRISEY, Resident Manager.
North-West Branch, Winnipeg:
THOS. BRUCE, Branch Manager.
AGENCIES THROUGHOUT THE DOMINION

$5,000
Provision for your home, plus
$50 A MONTH
Indemnity for yourself.
OUR NEW SPECIAL INDEMNITY POLICY

Shares in Dividends.
Waives all premiums if you become totally disabled.
Pays you thereafter $50 a month for life.
Pays $5,000 in full to your family no matter how many monthly cheques you may live to receive.

Ask for Particulars.

CANADA LIFE
TORONTO

BRITISH AND CANADIAN LAW ON SPECULATIVE OR WAGERING LIFE ASSURANCE CONTRACTS.

It is a well known principle of the law of life assurance, at least in all the English-speaking countries of the world, that a contract of life assurance whose nature, in so far as the beneficiary is concerned, is wagering or speculative, is contrary to public policy and hence null and void ab initio. The practical form commonly taken by this principle is a prohibition of the making of a policy of life assurance in favor of a beneficiary having no direct insurable interest, in a legal sence, in the life of the insured. If this prohibition is not statutory in a given jurisdiction, it may now be said to have become a rule of the common law. Generally speaking, therefore, it is not competent for an insurer to issue a contract of life assurance for the benefit of a person having no legally recognized relationship, whether of blood or business; with the insured; and such a contract, if issued, will probably be held to be invalid if occasion arises for testing it in the courts. A good illustration of this principle is the nullity of a life assurance policy whose beneficiary is the mistress of the insured—this annuity remaining, notwithstanding that the women may have been entirely dependant upon the insured for her support.

There is, of course, nothing novel in what has just been said; but the legal rule referred to happens to have a particular interest for people in the United States at the present moment because of the great temptation to speculate in the life assurance of our soldiers and sailors that will probably result from the optional life assurance feature of the Soldiers' and Sailors' War Insurance legislation now before Congress,—assuming, of course, that the measure is enacted into law in its present form. Very large numbers of the young men who will compose our army and navy will lack altogether such possible beneficiaries as are contemplated by existing law, —i.e. persons having a legal interest in their lives. Many others will have only remote relatives about whom they have little concern. This is precisely the state of things that is most conducive to straight-out speculation in life assurance on the part of designing third patries. In fact, the opportunity for speculation is all but irresistible for such as lack finer feeling and are acquainted with the game. Under the proposed law, the cost of an insurance of $1,000 on the life of a soldier or sailor is to be $8; while for the now proposed maximum assurance of $5,000 it will be only $40. According to the latest available figures, the death rate of soldiers in active service is one in fifteen. A speculator, therefore, who can secure assurances on fifteen soldiers, at a cost to himself of $600, has an even chance of getting $5,000 for his money — and, he may, of course, have the luck, from his own vicious standpoint, of more than one fatility in his group. As a pure gambling proposition nothing could be more inviting; and it is certain that the opportunity will not be neglected, notwithstanding all the safeguards that may be attempted to be thrown about the payment of the proceeds of the assurance.

The one real obstacle to speculation of this character—though it must be admitted to be one easy to circumvent—is the legal principal described above. It is accordingly well at this juncture to recall the principle to the attention of the public, and especially to that of the public authorities who may be entrusted with the administration of the Soldiers' and Sailors' Optional Life Assurance. In this connection, too, a competent restatement of the principle is in order. Such a restatement has recently appeared in the columns of The Financial Times, of Montreal, from the pen of Mr. M. L. Hayward, B.C.L. Naturally, Mr. Hayward writes with the law of Great Britain and of Canada in mind, rather than that of the United States. None the less, the law as he interprets it on the basis of court decisions is in fact equally valid in this country.

Mr. Hayward write: . . . A Statute of the Imperial Parliament relating to insurance provides:—

(1) That no insurance shall be made by any person or persons, body politics or corporate, on the life or lives of any person or persons, or on any other event or events whatever, wherein the person or persons for whose use, benefit, or on whose account, such policy or policies shall be made, shall have no interest, or by way of gaming or wagering; and that every instrument made contrary to the true intent and meaning of this Act shall be null and void to all intents and purposes whatsoever.

(2) That it shall not be lawful to make any policy or policies on the life or lives of any person or persons, or other event or events, without inserting in such policy or policies the name or names of the person or persons interested therein, or for what use, benefit, or on whose account such policy is so made or underwritten.

The effect of this Statute was considered by the Supreme Court of Canada in a life assurance case decided in 1902, where a life assurance agent suggested to a prospect that, instead of insuring his own life, the prospect should take out a policy on the life of the agent, which would be assigned to the prospect, and on which the latter would pay the premium.

This arrangement was carried out, the premiums were paid for a number of years, and then the insurance company brought an action to have the policy set aside on the ground that it was a mere wagering policy, and contrary to the provisions or spirit of the Imperial Statute which we have quoted.

The decision of the Supreme Court of Canada was in favor of the company, on the ground that the party effecting the assurance had no interest in the life of the agent whom he insured, and that, as he placed the insurance for his own benefit and paid the insurance himself, it was a wagering policy and void.

Another case, decided by the Supreme Court of Canada along the same line, and affairmed by the Privy Council on appeal, and reported in 28 Supreme Court of Canada Reports, page 103, under the name of The Manufacturers' Life Assurance Company v. Anctil, is an interesting one and lays down some important principals.

In this case, Anctil applied to Michaud, an agent of The Manufacturers Company, for insurance, but Anctil refused to take a policy on his own life; and then it was arranged between them that the policy should be written on the life of one Pettigrew, and this arrangement was carried out. The policy was made payable to Anctil, who paid the premium and, on Pettigrew's death, claimed the amount of the policy from the Company.

The Supreme Court of Canada had no difficulty in deciding that this was a wagering policy and, consequently, null and void.

"It is thus established," said the court, "by the terms of the policy itself which is sued upon and by the evidence of the plaintiff himself and of his witness Michaud that Pettigrew never had and that it never was intended by the plaintiff that he should have any possession of the policy, any interest in it or control over it, and that the plaintiff is the sole person who ever was or that the plaintiff ever intended should be the holder thereof, or who should have any interest therein otherwise than by title derived from himself. Such being the undisputed fact appearing in evidence, and it appearing also that the plaintiff had no insurable interest in Pettigrew's life, the law pronounces the policy to be null and void, and, under the circumstances appearing in evidence, no verdict whether general or special which should be rendered by a jury in favor of the plaintiff in respect to the issue under consideration could ever be sustained in law. The plaintiff's evidence and the terms of the policy itself, left in point of fact nothing for a jury to entertain as regards the issue under consideration, and the questions assigned before the trial to be submitted to the jury on the trial became in truth inappropriate having regard to the undisputed facts which appeared in evidence."

The policy sued on in this case contained the so-called "incontestable clause," in the following words:

After this policy has been in force one full year it will be indisputable on any ground whatever, provided the premiums have been promptly paid, and the age of the insured admitted.