

# The Chronicle

## Insurance & Finance.

R. WILSON-SMITH,  
Proprietor.

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXIII. No. 20

MONTREAL, FRIDAY, MAY 15, 1903.

SINGLE COPY 10  
ANNUAL SUBSCRIPTION 00

**Capitalising Bank Reserves.** The Manchester and Liverpool District Banking Co. recently took \$1,250,000 from the Reserve Fund to increase the capital by £2 per share. The capital was \$7,500,000 and Reserve, \$8,825,000. The Manchester and County Bank has also taken \$273,000 from the Rest to add to the capital. The paid-up capital was \$4,641,170, and Reserve Fund, \$4,700,000. In both cases the appropriation from the Reserve Fund to augment the paid-up capital left the reserve about as large as the paid-up capital, which is considered to be the limit desirable for the Rest.

**Instalment Note Case.** A singular judgment was given recently by the Kentucky Court of Appeals, which is reported in brief in the "Insurance Monitor."

The Western Farm Department of the Home Insurance Co. issues long-term policies on this class of property, receiving the first year's premium in cash with an instalment note for the balance, the premium instalments being payable at the beginning of each year thereafter. Failure to pay an instalment, when due, avoids the policy and releases the company from liability until settled. The company also reserves the right to compel such payment by suit. Three provisions are set forth, both in the policy and note, as clearly as it is possible to state them. It would be difficult for a lawyer to frame language less open to dispute. In this case the instalment was not paid, and several times during the six months following the agent insisted on payment, finally threatening to return the note to the company for collection. Then came the fire. The court which first heard the case said at once that there was no claim. Now this upper court holds that the persistent demand for payment by the agent misled the insured into believing that the policy was continued in force, and waived its sus-

pension or forfeiture. Unless the company was bound for the premium. If the insured was bound, bound for the loss we are told the insured was not then the company also was bound, or there was no consideration for the premium. It could not demand the latter, and at the same time deny liability.

"According to this doctrine a company has no right to make a special contract for a long-term policy on such conditions. It cannot contract with an insured that he shall be liable for a defaulted premium, and at the same time impose a penalty of suspension during default; that is, if it insists on the liability. This is a new legal doctrine to us. These term policies were issued, we presume, at special rates, and the consideration for this right to suspend was the reduced premium charged. In fact, this idea is suggested in another provision, that liability for termination during the year should be assessed at short-term rates. Whether this feature was called to the attention of the court, we do not know, but here is a contract whose meaning was not disputed, set aside on the ground that it was inconsistent because a company could not exact a premium charge while a risk was suspended, and that the parties could not agree to such a condition. The absurdity of such a position seems too plain for argument. The only alternative seems to be that the contract might have been made proof, even against this so-called flaw, by a further stipulation that the insistence on payment should not be deemed a waiver of suspension."

In reply to an enquiry in Parliament the following statement was presented showing how much of the lands voted for railway construction in Manitoba and the Northwest Territories were still reserved for the various companies and the area patented each company.

The following table published in the "Globe," gives this information in a condensed form:—