

T H E
L E G A L N E W S .

VOL. XVII.

APRIL 1st, 1894.

No. 7.

SUPREME COURT OF CANADA.

OTTAWA, February 20, 1894.

Quebec.]

HARBOUR COMMISSIONERS OF MONTREAL v. GUARANTEE CO. OF
NORTH AMERICA.

Insurance—Guarantee—Notice to insurer of defalcation—Diligence.

By the conditions of a guarantee policy insuring the honesty of W., an employee, it was stipulated that the policies were granted upon the express conditions (1) that the answers contained in the application contained a true statement of the manner in which the business was conducted and accounts kept, and that they would be so kept, and (2) that the employers should immediately upon its becoming known to them, give notice to the guarantors that the employee had become guilty of any criminal offence entailing or likely to entail loss to the employers and for which a claim was liable to be made under the policy. There was a defalcation in W's accounts, no supervision was exercised over W's books as represented they would, and when the guarantors were notified over a week after employers had full knowledge of the defalcation, W. had left the country.

Held, affirming the judgment of the court below, (R.J.Q., 2 B.R. 6) that as the employers had not exercised the stipulated supervision over W., and had not given immediate notice of the defalcation they were not entitled to recover under the policy.

Appeal dismissed with costs.

H. Abbott, Q.C., for appellant.

Cross, Q.C., & Geoffrion, Q.C., for respondent.