

GOOD FAITH IN LIFE INSURANCE.

While good faith is an essential basis of all business operations, it may be said that in the business of insurance, it plays an even more important part than elsewhere. In every branch of insurance it is an important factor—in fire business as in life, in casualty as in compensation. Taking on this occasion the business of life insurance only, let us briefly see how this matter of good faith lies at the very root of it; that if this essential factor be absent on the part of the insured, a life policy which, if suitably chosen, should and will be a source of great benefit and satisfaction to both consenting parties, will become merely a cause of profound dissatisfaction and grievance.

The importance of good faith in life insurance begins at the very outset—in the filling up of an application for a policy of insurance. If bad faith be suspected in any one of the answers to the necessary questions in this application form, the suggestion is inevitably forced upon those who have to pass upon the application that the whole of the answers are unreliable. The suggestion may not be true, but the mere fact that one answer is given in bad faith must cast a slur upon all the others. It is true that in many points developed by the answers to the questions contained in an application for life insurance, the company through its representative agents (if they be as honest and faithful to its interests as they should be) is able to have some security of corroboration, and therefore in the absence of special advice from the agent upon such points, the answers of the applicant are reasonably assumed to be true and correct. But in many other cases, untrue answers may be given without detection by the agent, and in such cases, the company is thrown back upon the good faith and honest intention and integrity of purpose of the applicant himself. In such cases the validity of the contract depends upon the foundation upon which the contract rests; and if this be false, no lasting superstructure of truth and legal force can be built upon it. But if the foundation be laid in absolute truth and good faith, the contract based upon it assumes a strength and inherent binding force that nothing else can destroy or weaken, except a subsequent violation of the agreed and understood contract, terms and conditions.

It must be remembered that no quality of good faith is required from the applicant and subsequently from the policyholder that is not also required and legally exacted from the life insurance company. Assuming the good faith of the applicant, the company acts in strictly good faith towards him in its determination whether it will accept the risk tendered for acceptance or reject the application for a

policy of life insurance that is made to it. If the application be rejected, such action necessarily ends the matter definitely and finally. If the company accepts the proposal, and assumes that a good basis for a legally binding contract has been given to it, the company issues its policy in such good faith that it binds itself beyond the possibility of legal withdrawal, to assume a fixed financial responsibility on the occurrence of a fixed and stated event, in return for certain contract payments to be regularly and promptly made to it and upon certain reasonable conditions imposed upon the policyholder.

The regular life insurance companies of Canada and the United States contest exceedingly few claims in proportion to the hundreds of thousands that they pay under the obligations of fulfilled conditions of their policy contracts. And when they do contest a claim, it is always because of a violation of good faith by the other party to the contract. It is always, either because of the original bad faith of the applicant or because of his subsequent bad faith in violating the distinctly understood terms and conditions of the policy contract.

No reputable life insurance company, such as those authorized and licensed to transact business in Canada, will deliberately incur the odium that so frequently attaches to a refusal to pay even a manifestly unjust claim, unless it is clearly convinced that the insured acted so as to constitute a violation of the *bona fides* that it had a right to insist upon the observance of, in accordance with the stated terms and conditions under which the policy contract was to remain operative.

No man need hesitate for one moment, fearing possible future complications in regard to the company's liability. He can secure his family a protection that is absolute and infallible; and in order to do so, all that is necessary is to deal in good faith with the company when he makes the application and to preserve the same rule of good faith after the policy has been issued to him.

GRESHAM LIFE ASSURANCE SOCIETY.

We are informed that the Dominion-Gresham Building, 302 St. James Street, Montreal, has been purchased by the Gresham Life Assurance Society from the Dominion-Gresham Guarantee and Casualty Company. This building is now occupied entirely by the Gresham Life and the Dominion-Gresham companies, with the exception of one small office. Erected in 1906, it is an attractive and convenient office building of the modern type, and forms very suitable headquarters for the two companies' activities in Canada.

Mr. A. R. Howell, manager for Canada of the Gresham Life, and Mr. E. J. Stark, casualty manager of the Dominion-Gresham, have returned from a trip of inspection of their companies' agencies in the West, which took them as far as Victoria, B.C. Mr. Howell reports that conditions in the West are very favorable and that his company is obtaining its fair share of business in that field. Money is, however, very tight.