

PRELIMINARY REMARKS.

When the Directors of a Company appoint an agent they do so with the expectation that he will endeavor to increase and improve its business not only industriously and carefully, but conscientiously and well. And it must be apparent to any one that unless a company possess agents who will thus act it would be far better for it to be without them.

But we assume at the outset that every agent of this company will industriously endeavor to extend its operations within the limits assigned to him; that he will be careful in the selection of risks, never forwarding incomplete applications or such as he cannot conscientiously recommend; and that everything that he is expected to do he will do well. We therefore proceed to explain such matters, and to inform the agent on such points as we consider indispensably necessary to the successful prosecution of his business.

After having made himself thoroughly acquainted with the details of the application form, and the information which it is intended to elicit, it will doubtless occur to him that the enquiries in it are not made without a purpose. Nor are they. Each enquiry must be correctly answered.

We want a good knowledge of the risk, a true and faithful description of its existing condition, occupancy, value and ownership, before we will venture hundreds, or, possibly, thousands of dollars upon it. And we cannot obtain this knowledge unless every enquiry in the application which may relate to the risk be squarely answered. If any enquiry were left unanswered, and a policy issued, it might be supposed that the company waived its importance.

While not intending to underrate the value which attaches to other enquiries there are those to which the attention of the agent must be specially directed; and they relate to *value, ownership, encumbrance and further insurance*. That immense sums of money have been lost not only by the insurer but by the insured because of false or imperfect information on one or more of these points is notorious. Many an application would have been declined and much money saved had an existing encumbrance, or further insurance, or the true value of the property proposed to be insured, been expressed in it. And it must be conceded that in numbers of instances the culpability which attaches to the incompleteness of this information is chargeable to the agent. The legal records of disputed fire insurance claims are full of instances of either ignorant or wilful carelessness on his part.

Companies are very frequently compelled to pay claims under policies which have been issued in all good faith that the applications upon which they were based were true, when in point of fact the whole truth has either not been declared or purposely withheld.

It is a condition, precedent, however, that the representations which are made in an application shall be the basis of the agreement between the insuring company and the insured. If, therefore, an applicant make an erroneous statement in his application for insurance he does so at the risk of his policy not being paid should his property be burned. His policy will become a dead letter if the mis-