

terms and conditions as between the parties thereto, and throwing upon the company a burden that it would not knowingly assume if the line of strict truth had been adhered to by the applicant.

Not only does the application in its entirety present itself as a basis for executive determination, but each individual answer has its own and important bearing, and, if false, may alter the complexion and assumed effect of many other answers. It is manifest that if any evidence be forthcoming that any one answer has been deliberately perverted from the strict line of truth, the whole application is in consequence impregnated with suspicion and distrust, and no longer forms the basis for a satisfactory contract. It is a well recognized legal axiom that the very essence of a *binding* and *valid* contract is that the minds of the contracting parties shall meet on a plane of truth, fairness and just dealing, each with the other, and that there shall be no perversion or suppression in facts, or figures, or conditions. Therefore, both in fact, and in law every contract made upon statements and representations that are demonstrably false is a contract void of effect—void *ab initio*—incapable of legal force and effect. The natural consequence would be to still further discredit the validity of the contract, if not only error and inaccuracy, but also *intentional mis-statement* be provable.

No reasonable and honest man desires a policy of life insurance that is not of active and legal force and effect; and no reasonable and honest man desires such a contract to be binding upon the company insuring him, without evincing an equal willingness to be bound by the truth and accuracy of his own written application—at least to the extent that honest and manly good faith secure these necessary safeguards to the other party to the contract.

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. In very many other cases, however, untrue answers may be given without detection by the agent, unless he is very intimate with the applicant—and often *in spite of* such intimacy. The company is in all such cases 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 on which the contract rests; and if this be false, no lasting superstructure of truth and legal force can be built upon it. If, however, the foundation is 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.

No such subsequent violation of the terms and conditions of a life insurance contract can occur without the deliberate and *intentional* purpose or action or omission of the policy-holder, and, therefore, such vitiation of a contract is clearly his own fault; and if good faith has marked its inception, the same quality and degree of good faith *can secure its permanence* and keep it in full force and effect, and to secure to him and to his family the full measure of benefit and protection that it was his purpose to secure.

No quality of good faith is required from the applicant and subsequently from the policy-holder, 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 it accepts the proposal, and assumes that a good basis for a legally binding contract has been submitted to it, it 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 policy-holder.

All these elements assume good faith—not the good faith of the insured to the life insurance company only, but also in an equal or even a greater degree of the company towards its policy-holder. It is not only fair and unreasonable, but also a logical legal effect, that subsequent breach of faith involved in the violation of stated and determined policy conditions should work a voiding of the policy-contract.

No safeguard is asked by the company that it is not perfectly willing to grant to the insured—it pledges its continued good faith in return for the absolute good faith that it exacts from him, and is clearly and manifestly entitled to such protection. Contracts should not be made for the exercise of the child's play of breaking them, but when once made upon a basis of truth and equity, a basis on which the minds of the contracting parties actually meet, they should be of full force and effect until their purposes of beneficial protection have been fully effected.

Considering the hundreds of thousands of claims