

PAYMENT BY A STRANGER.

FURTHER OBSERVATIONS.¹

If A. owes money to B., and B. insures A.'s life and also pays the premiums, what is the position if A. dies before he has paid the debt, and B. receives the insurance money? Does the debt still exist?

Before we discuss the cases bearing on this question it will be well to state a few general propositions relating to the present law concerning the contract of insurance.

By reason of the provisions of the Imperial Life Assurance Act, 1774,² and the Marine Insurance Act, 1906,³ a contract of insurance is not binding on the parties unless the insured has an interest in the event insured against; but in the case of a contract of life insurance, it is sufficient if the interest exists at the time of the making of the contract, though it may cease to exist in whole or in part; and the whole amount agreed to be paid, not exceeding the value of the interest at the date of the contract, may be recovered.⁴ This is often expressed by saying that a contract of life insurance is not a contract of indemnity.

It has long been settled that a creditor has an interest in the life of his debtor.⁵

It must, however, be borne in mind that the contract of life insurance was treated as a contract of indemnity till the year 1854, and that the provisions of the Life Assurance Act, 1774, were not extended to Ireland till 1866, when the Life Insurance (Ireland) Act, 1866,⁶ was passed.

In *Ex parte Andrews*, 1816,⁷ S. E. was indebted to each of

1. The previous article appeared in Vol. 48, p. 513.

2. 14 Geo. III. c. 48.

3. 6 Edw. VII. c. 41.

4. *Dalby v. India and London Life Assurance Co.*, 1854, 15 C.B. 365; 139 E.R. 465; and *Lair v. London Indisputable Life Policy Co.*, 1855 1 K. & J. 223; 69 E.R. 439.

5. *Godsall v. Boldero* (1807), 9 East, 72; 103 E.R. 500. See A Digest of English Civil Law, edited by Mr. Edward Jenks, Book II, Part II, ss. 688, 690, and 695.

6. 29 & 30 Vict. c. 42.

7. 1 Madd. 573; 56 E.R. 210; 2 Rose 410. "E.R." refers to the English Reports.