

A distinctly invigorous feeling is apparent amongst those English, perhaps I should say British, offices which transact business in the Ottoman Empire. Vexatious restrictions and threatened heavier taxes harass them, and not a few are finding Turkish business generally more of a nuisance than their American fire department—where they have one.

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The Cabinet of Twenty, sometimes called the administration of the Anaks (a tribute to the physical bulk of, if not the mental magnitude of our Government) is now complete, and we can see how far insurance is directly represented in it. Lord Salisbury is a director of the University Life Assurance Company, and the Duke of Devonshire of the Royal Exchange Assurance. The Chancellor of the Exchequer sits on the board of the Economic Life (a most auspicious omen), and the new Secretary for War, Broderick, helps to control the destinies of the Rock Life. The Secretary of State for India is with the Pelican Life, but this is not to say that by any means he is a lonely bird. The President of the Local Government Board is a director of the Equitable, and the Solicitor-General (a Minister who, by-the-by, doesn't sit in the Cabinet) ornaments the directorate of the Scottish Equitable. One other minister there is, the Lord Advocate (also extra-Cabinet), and he holds up the Standard Life Assurance. Don't you call this very fair representation? I do.

RECENT LEGAL DECISIONS.

BANKER'S DUTY TO EXAMINE DOCUMENTS WHEN DRAFT ATTACHED.—The plaintiff was an importer of frozen meats, carrying on business in London, England, and part of his business consisted in selling on commission meats shipped to him by a New Zealand company of Dunedin, the importer making advances to the company by accepting their drafts with documents attached. In March, 1897, the company wrote that it would facilitate the business if the importer would open a credit with the Dunedin Branch of the Bank of New Zealand, to be operated on against documents up to 80 per cent. of the market value of the consignments. The importer then applied to the bank in the usual letter of request, as follows:

"I request that you will authorize your office at Dunedin to negotiate the drafts of the New Zealand Company on me, at sixty days sight, to the extent of £10,000, at any time within two months from this date, and, in consideration of your doing so, I hereby undertake to accept such drafts, and to pay them in London at or before maturity, it being understood that it is entirely optional with your office at Dunedin to negotiate drafts under this authority. The drafts are to be accompanied by shipping documents (*i.e.*, bills of lading, invoice, and insurance policy), purporting to represent meat at an equivalent value, inclusive of charges, shipped to London, but you are not to be responsible in the event of any misrepresentation as to quantity, quality or value. On due payment of any draft the relative documents are to be given up to me."

Business was then transacted on the terms of this letter of credit. On May 24, 1897, a consignment

was shipped, and the company drew two drafts on the merchant in London in respect of the consignment, and these were negotiated by the bank at Dunedin and forwarded with the bills of lading, invoices, and two policies of insurance to the branch of the bank in London. In accordance with the usual course of business, the drafts, but not the documents, were sent on to the merchant, by whom they were accepted. On the arrival of the goods in London it was found that part had been damaged, and a claim was made against the underwriters. The merchant then discovered for the first time that one of the policies contained a clause: "To pay a total loss by total loss of the vessel only." The effect of this was that £5/4 of the damage was irrecoverable on the policies. The importer paid the drafts at maturity, and soon after the meat company went into liquidation. The importer then took proceedings to recover from the bank £574, on the ground that the bank had committed a breach of duty in negotiating drafts without taking care that proper policies were attached. He contended that the invariable course of business was for the policy to be an "all risks" policy, and several merchants gave evidence in support of this. The bank asserted that there was no such usage, and that besides there was no duty on them to examine the policies before negotiating the drafts; the merchant had brought the loss on himself through relying on the consignors and by accepting the drafts without asking to see the documents.

Mr. Justice Mathew, of the English Court, in giving judgment for the plaintiff, said that the contract contained in the letter of credit was a contract in the fullest sense of the term. It gave the terms on which the bank was to negotiate and the importer to accept the drafts. When drafts were brought to the bank, the first consideration should be, were they such as the merchant should accept, and, therefore, the representative of the bank ought to have examined the documents attached, to see if they were such as were stipulated for by the letter, the object of the stipulation being to protect the importer in London. The judge was satisfied that the proper form of policy was an "all risks" policy. The letter of credit said expressly that in certain events the bank was not to be responsible. That was a clear indication that it was to have some sort of responsibility, and, in his opinion, the responsibility extended to everything not expressly excepted. The documents and draft came forward in the ordinary course, and the bank sent the drafts to the plaintiff for his acceptance, but retained the documents. The plaintiff could not conjecture that one of the policies was not in the ordinary form when he accepted the drafts. In fact, no one examined the policies until after the loss had occurred. The importer first called on the shippers for an explanation, but it was idle to have recourse to them, for the company went into liquidation. The plaintiff then made his claim on the bank. It was said that the bank was not responsible, and an attempt was made to show that there had been some negligence on the part of the plaintiff, which had misled the bank, but that was not the case. There would be judgment for the plaintiff for £574 with costs. *Borthwick v. Bank of New Zealand*, 17 Times L. R. 2.