fence which subsequently discovered facts or the law of the case will furnish. And if the amount of a fraudulent claim has been paid by the company in ignorance of such fraud at the time of payment, such amount can be recovered at law upon due proof of such fraud, as an insurance contract is one "entirely on speculation," and the slightest fraud is usually sufficient to defeat it, and anything that the law will deem fraudulent will produce that result. Hence, the mere fact that there may have been an arbitration and a compromise of the claim between the parties in interest does not create a liability upon the underwriters to pay a proved fraudulent claim, though such fraud was not discovered until after the compromise was made.

As to a third party, purchaser of such compromised claim, with the knowledge of the companies, after a loss, the insured can, without consent of his insurers, sell or assign his recourse against his insurers to any party willing to purchase and take the risk of counting the money. As the companies cannot prevent such a sale and transfer of the claim, so their consent to the same amounts to no force in law. And in any case, such purchaser is simply an assignee of the insured, his rights, as such assignee, cannot be greater than those of his assignor; if the latter has no rights under the insurance, the former can get none by the mere assignment of a worthless chose-in-action. He is simply the purchaser of a fraudulent, hence worthless, claim, which the insurer cannot be compelled to pay to either insured or assignee. Hence, further, the notice to the insurers of such ownership by the purchaser neither gave additional force or effect to the assignment, nor altered the status of the claim, which could not be made stronger by the mere notice of transfer of ownership of the claim, such as it was, to a third party.

THE MUTUAL OBLIGATIONS OF INSURER AND INSURED IN LIFE ASSURANCE CONTRACTS.

Having covered the important question of the amount of insurance for which a man should make application —which question we endeavored to decide on lines strictly in accordance not only with the requirements and necessities of his dependent family, but also the means at his disposal to pay for this necessary protection—we now pass to the next question that generally presents itself in an application for insurance.

The kind of policy to apply for and the amount of insurance thereunder that will be asked having been determined, the question has to be determined whether the premium shall be paid annually, semi annually or quarterly. The annual premium is the basis of all insurance contracts, but for the convenience of many insured people, the companies are willing to accept the premium in what they consider to be its semi-annual or quarterly equivalent. The most common method pursued by companies in determining this equivalent is as follows:

To obtain the semi-annual premium equivalent to a given annual premium, add 4 per cent. to the annual premium and then divide by 2.

To obtain the quarterly premium equivalent to a given annual premium, add to the annual premium 6 per cent. and divide by [illegible]

There are many reasons why payment in one annual premium is preferable to twice as many semi-annual premiums or four times as many quarterly premiums. In the first place, it costs less; and if a policy holder can afford to make the one payment, the interest charged on semi-annual or quarterly payments is just as well in his pocket as in the treasury of the company. Furthermore, men of reasonable means do not like to be bothered too frequently with premium payments, and are much better satisfied to make payments once a year. In making payments other than once a year, there is, of course, always more or less danger of forgetfulness, neglect, or some unforeseen contingency arising to prevent the payment, and it is just as well to reduce this opportunity to a minimum.

It often happens that a man who has the fullest intention in the world to keep his policy in force neglects to make premium payment at the proper time, and it is quite within the probabilities that after his policy has lapsed by reason of this neglect, if the company should require a medical examination before restoration, he might not be found in satisfactory insurable condition. Cases of this kind have very frequently occurred, and therefore it is certainly unwise for all those who can afford to do so to minimize the opportunity of disaster of this kind by paying their premiums annually.

Furthermore, it seems to be a perfectly legitimate consideration to bear in mind this fact, that the larger the proportion of annual premiums of a company's business, the smaller may be its clerical force, and this of course will result in some—however slight—increase in dividend return to the insured themselves.

There is, of course, a very large class of insuring men who earn but small weekly stipends, and in very many such cases the dividing up of the premium obligation in semi-annual or quarterly equivalents is a case of necessity.

All policies contain the provision that, in the event of their maturity, there shall be deducted from the payment due the balance of the year's premium that may be due to the company. This refers to any unpaid semi-annual or quarterly premiums, that may be required to make up the payment of the current policy year. Thus, if a man insured in January under a policy requiring semi-annual premiums should pay the January semi annual premium, and die before the semi-annual premium of July had been paid, the premium would be deducted from the amount of the claim, because that premium would be necessary to complete the full annual premium consideration due the company. Similarly, if a policy be taken out in January, with premium payable quarterly, and the insured should die before the second quarterly premium was paid—the second, third and fourth quarterlies, being necessary to complete the full year's payment would be deducted from the claim.

If it is possible for the policyholder to meet the obli-