

commences only on the death of the insured person and the payment of the moneys due under the policy. Upon payment being made, the provisions of the trust come into operation, and the funds are then held and distributed for the benefit of the dependants in accordance with the expressed intentions of the settlor.

Little has been done so far in New Zealand to develop this special form of trust, and by far the greater part of the insurance-moneys becoming due under policies of life insurance are paid over direct to the widow or next-of-kin of a deceased person. As the community grows in numbers and the system of life insurance is extended it is probable that the plan which is working so satisfactorily in America will be adopted in this Dominion. If such should prove the case the Public Trustee would form a most suitable trustee to act in life-insurance trusts. The permanence and widespread organization of the Office would fit it admirably to deal with such cases. The insurance-moneys when paid over to the trustee would no longer be liable to dissipation through extravagance or ill-advised investment, but would fall into the Common Fund of the Office, and would immediately be covered by the State guarantee.

There is another development of life-insurance work in which the Public Trust Office will in future doubtless play an important part. Many corporations and firms are commencing to provide group insurance for their employees, under which contributions are made both by the employees and by the company or firm to cover the premiums under the policies taken out. It is a requisite of such schemes that there should be in existence an impartial trustee to see to the proper distribution of the proceeds of such policies as they fall due. The Public Trustee has already been approached to act as trustee under such a scheme, and although in this particular case the scheme did not reach fruition there is little doubt that in the future appointments as trustee in such cases may reasonably be looked for.

#### INSERTION BY LEGAL PRACTITIONERS OF SPECIAL CLAUSE IN MORTGAGE-DEEDS.

6. It came under notice during the past year that there was a growing practice on the part of solicitors throughout the Dominion of inserting in mortgage-deeds a proviso to the effect that if the Public Trustee were appointed executor or administrator of the estate of the mortgagor, or of a subsequent purchaser, the moneys secured by the mortgage should immediately become payable. In the opinion of the Public Trustee the practice was an improper one, in that it tended to discourage mortgagors from placing their estates in the hands of the Public Trustee for administration. Representations were accordingly made to the Government that legislation should be passed with the object of making null and void any such clauses inserted in mortgage-deeds. The representations of the Public Trustee received the favourable consideration of the Government, and the practice of the solicitors was rendered ineffectual by the passing of section 14 of the Finance Act, 1924, which reads as follows :—

(1.) Any covenant or stipulation in a mortgage executed after the commencement of this Act whereby the mortgagor covenants that the moneys secured by such mortgage shall become due and payable or that any power of sale or entry into possession shall become exercisable in the event of the Public Trustee becoming administrator of the estate of the mortgagor, or in the event of the estate coming into the hands of the Public Trustee, or any other covenant, stipulation, or condition adversely affecting or tending to adversely affect the mortgagor in the event of the Public Trustee so becoming administrator of the estate of the mortgagor, shall be null and void.

(2.) In this section the term "administrator" includes executor, trustee, guardian, committee, agent, or attorney; and the terms "mortgage" and "mortgagor" mean a mortgage or mortgagor within the meaning of the Property Law Act, 1908.

(3.) Section eighty-six of the Public Trust Office Amendment Act, 1921-22, is hereby repealed.

Some solicitors had attempted to justify the practice adopted by them by quoting the provisions of section 86 of the Public Trust Office Amendment Act, 1921-22, to which they took exception. The Public Trustee, in recommending to the Government the passing of special legislation as outlined above, voluntarily offered to agree to the repeal of section 86 of the 1921-22 Act.