

evolution of the business, the development of ambitious companies and the rise in rank and importance of many enterprising and deservedly successful individuals.

#### Importance of Insurance.

There is no institution in the United States subjected to as much inspection, supervision, regulation and dictation as insurance. In this day, when publicity is demanded of the management of corporate operations, insurance corporations realize the people are demanding of others what for years they have required of insurance. If other corporations are in doubt about and fear of impending paternalism, they can easily learn what it is and settle their doubts, and allay or confirm their fears by asking insurance about it. Long before the demand for supervision over other corporations, simply because of the needed protection of individuals against the superior power, genius and perhaps trickery of the great corporations, trusts or combinations, protection of the individual against insurance companies was demanded by the people. This was quite natural—not because those conducting insur-



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ance were more corrupt, but because there is less reason for applying the doctrine of caveat emptor in the exchange of a promise than in the sale of a corporeal commodity for cash. In the sale of food, clothing and other material articles, the purchaser may inspect the purchase and judge of its value before he pays the price. In the sale of insurance the purchaser pays the price and gets only a naked promise of future performance, and, not having the facilities to judge of the soundness and honesty of the promiser, therefore in this and like affairs the people early saw the necessity of having some official charged with the duty of investigating and certifying the financial soundness of the companies making the promises. In the beginning doubtless the finding and publication of financial condition was the only design of the department. Little or no attempt was made to furnish other protection, but instances of abuses constantly inspired the people to demand extension of the guardianship, exacting new duties of the department, and attempts at regulation of the conduct of companies as required by laws enacted in response to those demands.

For instance, policyholders once were expected to use their eyes and exercise their judgment respecting their rights and obligations under the contracts they purchased, but as fire policies of some companies, with their many conditions and qualifications, were changing in form as rapidly as the courts construed their phraseology, as life policies of some companies became involved in complicated clauses designed to read one way while the policyholders paid the premiums, and another when the beneficiary called for settlement, as the feeling arose that the acceptance of a surety or liability policy meant the purchase only of a lawsuit, and as the rumor became accepted of casualty policies sold at wholesale by the pound or peck, to be thrown in with the sale of baseball bats and automobile goggles, from time to time arose the demand that forms of contracts should be controlled by the law and supervised before they were issued.

Whatever the department is to-day, it must be remembered that it exists under and is established and maintained by the law; that the law exists in response to the demands of the people; the companies exist for the purpose of serving the people, and there would be no department but for the universal contractual relations between the companies and the people. In their relations with each other, the people, the company and the department each doubtless has occasion continuously to complain of the other two—at any rate, each does constantly complain of the others.

Insurance has more than kept pace with the material progress and moral advancement of the world. No detailed proof of this is necessary, for it is completely demonstrated in the reflection that insurance, once regarded with as much prejudice and disfavor as a gambler's kit, now so completely permeates all the transactions of humanity that it is regarded as essential in maintaining our commercial, industrial and domestic welfare. It has taken the brightest minds, the most farseeing and discriminating intellects to so weave the helpful and wholesome institution of insurance into our affairs that it is now universally understood as indispensable in maintaining their stability and permanence.

It may be questioned, then, if insurance is operated by a class of individuals so wise, so honest and so patriotic, why should it be selected for supervision and bureaucratic dictation? It is not because the operations of insurance companies as a whole inspire suspicion and condemnation. Regulating laws and supervising departments are not maintained with the conviction that if abandoned all companies would at once change their tactics and commence a merciless campaign of cheating and oppression against the people. It is to provide against the corruption of the few and possible evils of any that all are required to submit to regulation and supervision that the people burden the companies with exactions, and in the end themselves with much expense. There are those, and not a few, who believe the world would be as good and people would be as honest and fair and humane in their relations with each other if all the laws regulating human conduct and punishing offenses were repealed. They believe that public scorn would do as much to prevent or punish crimes as courts of law. Without subscribing to such a theory, it certainly is true that what one craves the most and prizes highest is the esteem of his fellowmen. The commanding deterrent against yielding to the temptation to commit a crime or a dishonorable act, with most men, is not so much the vision of prison bars as of the loss of the respect and inspiring of the contempt and hatred of his fellowmen and his own self-condemnation.

Corporations engaged in insurance and those conducting them are, of course, actuated by the same impulse as others. An insurance company realizes that its continued success de-



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pends on its reputation with the people; that dishonesty, over-reaching, failure to give value received, mean disfavor and loss of patronage; that honesty, square dealing and satisfied patrons means public esteem, confidence and increased patronage. Therefore, if all regulating laws were repealed and all insurance departments abandoned, no one believes it would mean that an array of heretofore orderly well-conducted, honorable, helpful insurance companies would be turned into a horde of reckless pirates, preying on a defenseless people, any more than if the laws against homicide and larceny were repealed all people would turn into murderers and thieves. Laws are maintained for the regulation and punishment of the few inclined to violate them, but all must submit to them and sometimes to apparently unnecessary inconvenience, that the law may be maintained and applied to all.

It may be that many insurance companies, if left unmolested by any regulation or supervision, would conduct their operations honestly and with complete satisfaction to the people. That cannot be said of all who have engaged in or