

of practically all supervising officers of the different states and that these officers work together toward the same end."

It was the fashion in some quarters, continued the Commissioner, to criticise State supervision. Admittedly legislation had sometimes been hasty and ill-considered but "all legislation is a growth and, like other growths, it must be pruned and trained before it reaches perfection. Many of the vicious laws on our statute books are due solely to the activities of the insurance companies who have selfishly sought to gain advantages over their competitors. Such are the retaliatory laws, which can, I believe, in every instance be traced directly to the desires of the home companies for such laws."

Some problems, Mr. Hartigan proceeded, have been solved; others are in process of solution; some remain untouched. Among the recent achievements are the standard provision law for life insurance policies; a similar law controlling the conditions of health and accident policies; an anti-rebate law applying to all forms of insurance; the taking over by the department of insolvent companies and associations, eliminating the exorbitant expenses of receiverships; and I expect, as a result of the work of one of our most efficient committees during the past year and the action of this convention, the general enactment of a law governing fraternal societies which will enable these associations to establish themselves firmly and fulfil not only the immense obligations which they have at present, but those which they may hereafter assume. State supervision and regulation of insurance are more effective than is government regulation of any other line of business. Supervision of the banking business more nearly approaches it than does any other, and the attention of departments is often called to its perfection, and yet during the year 1908 the amount involved in bank failures in this country reached a total of \$127,544,943, a sum vastly greater than that involved in the failures of insurance companies. No old line life insurance company, working continuously under legal reserve laws subject to the test of departmental reserve calculations, has failed in a generation. A short time ago a bank at Biddeford, Maine, failed owing to losses and misrepresentations covering a period of twenty-five years, and these losses were not discovered through inspection but through the failure of the bank. These facts are not quoted as a criticism of bank supervision, but to show that it is not as efficient as is that of insurance. The solvency of a legal reserve life insurance company would be questioned by any live department years before it failed to pay its claims.

The State has for years required the life companies to charge adequate rates, the speaker continued, and thus guard against failures, receiverships and consequent loss to the public. The departments have urged the same course upon other classes of companies and societies, both by fostering legislation to that end and by constant public agitation of the subject. Compare for an instant the record of the insurance companies with that of the railroads. Every receivership or reorganization of a railroad has

resulted in the road emerging from such receivership with increased financial obligations. The stockholders have eventually profited by this course as the public had to pay dividends upon the increased capitalization. The reorganization of an insurance company results in a decrease of capital or an increase of surplus at the expense of the stockholders only. The only recent case where the reserves of a legal reserve life insurance company were impaired, was corrected by the mere suspension of business upon the order of the department. While the companies are hampered by the lack of uniformity in the insurance laws of the different States, there is not so great a diversity in these laws as in the laws covering other subjects; for example, in the criminal law, the laws governing divorce, and, in fact, practically every other subject. But the diversity of the law is more noticeable in insurance on account of its being such an important factor of every-day business. This convention has labored long and diligently to bring about practical uniformity, and what uniformity exists is due almost entirely to its efforts.

It is generally admitted, Mr. Hartigan proceeded, that one purpose of a department is to protect the policyholders of the State, and it has been argued that this protection should go only so far as to determine the solvency of the undertaking company. If this be the sole function of a department it has little excuse for existing. Policyholders must be protected and be protected in all their rights. If a just claim is not paid it matters little to the claimant whether it be on account of the insolvency of a company or on account of the misleading contract of a solvent company. The insurance companies need the department to protect them against the competition of fraudulent and dishonest competitors, and sometimes from the fatuity of their own acts, and to uphold the general reputation of the business. We have recently had an example of a class of companies admitting that conditions are bad, but that they are unable to correct them, and practically appealing for legislation to accomplish what they are unable to perform. A comparison of the present status of the surety companies with that of two years ago shows the efficacy of departmental action in securing results beneficial to the companies and beyond their attainment through their own unaided efforts. The State should not do for the individual what he can, under ordinary circumstances and with reasonable effort, do for himself, but it should do for him the necessary thing that he is unable to do for himself or able to do only at great loss of time, effort or property.

State supervision of insurance, said the Commissioner, has come on account of a demand from the people to correct abuses. Its power and scope have been extended for the same reason. To what extent it will ultimately go depends on the attitude and the management of the insurance companies. It will not go, as a whole, further than is needed. Some view the advance with apprehension, exclaiming that it is now approaching government insurance. It may more closely approach that goal and it may even reach it. If under government insurance the people will be more fully protected and at a lower cost, then the public need