

There are other species of Insurance unnecessary at present to be named. For the most part, all Insurances are governed by the like principles; and these principles, when unfolded, are plain to the commonest understanding. They have been understood and acted upon from a very early period of the world's history. The Statute Book of Great Britain bears testimony to the correct appreciation of them long before Britain became a first-class commercial power. In the preamble to English Statute 43, Elizabeth, chapter 12, there is the following clear description of the nature of Marine Insurance, its object and effects:—"By means of policies of insurance, it cometh to "pass upon the loss or perishing of any ship, there followeth not the undoing "of any man; but the loss lighteth rather easily upon many than heavily "upon few, and rather upon them that adventure not, than those that do adventure; whereby all merchants, especially of the younger sort, are allured "to venture more willingly and more freely."

We have said Insurance is a contract; but it is a contract having its peculiarities. When one man agrees to buy what another offers to sell, the thing offered is in most cases present to the parties. Its state, condition, and consequent value is patent to both parties. There is little room for advantage on the one side or the other, as both may be equally informed. But with Insurance the case is usually different. In few cases has the underwriter any determinate knowledge of the thing to be insured. For information he is compelled to rely upon the representations of the party who makes application for insurance. He it is who states the quality condition, and consequent risk of the thing to be insured. From his statement generally is the extent of risk calculated, and consequent price or cost estimated. Upon the truth or falsity of these statements, does the contract depend. If they be false, the policy is avoided and the underwriter discharged. Hence the utmost good faith is necessary to a perfect contract of insurance. This may be taken as a principle sound in its inception, matured by authority, and established by law. But it is not every false representation or statement made by an insured that will avoid a policy. There may be statements made to the underwriter, of the truth or falsity of which he is quite competent to judge. It will not do for him to close his eyes or stop up his ears, when by the use of these necessary organs he might receive information necessary to be known. It will not do for him to erase from the tablet of his memory facts there chronicled most useful in themselves. Into every risk there enter certain ingredients, the understanding of which is material to the comprehension of the whole solution. It is for an underwriter to know that wood is more combustible than iron; that an old vessel is more likely to become a wreck than a new one; that at particular seasons of the year vessels are more exposed to risk than others; that certain channels on the world's highway are more dangerous than others; that during a period of warfare there may be privateering and less security than during a period of peace. These and topics of a similar character are ingredients upon which the underwriter is as capable of understanding as the applicant for insurance. Hence the latter is only obliged to discover facts; not the ideas or speculations he may entertain upon such facts. If he state to the underwriter that the vessel to be insured is iron he mentions a fact. If he state that the vessel is ten years old, he mentions another fact. Upon the statement of these facts, it is for the underwriter to speculate in weighing the