ASSOCIATIONS FOR THE REGULATION OF RATES DECLARED NOT UNLAWFUL.

A highly important decision was given last week at Trenton, N.J., by Vice-Chancellor Stevens, relative to the legality of underwriters entering into an agreement to establish rates of fire insurance.

An injunction was applied for, by the Attorney General, to restrain the Newark Fire Insurance Exchange from regulating and maintaining the uniform rates fixed by the association.

The judgment is a very elaborate review of laws and legal decisions relating to agreements entered into which had or which were alleged to have the nature of combines, or trusts, such as are rendered illegal by the Act to protect interstate trade and commerce from unlawful restraints and monopolies.

The court drew a distinction between agreements between public companies, such as railroads, that were adjudged to be an infringement of the anti-trust law, and such agreements as are made between individuals, such as, "those between physicians, attorneys and their articled clerks, between manufacturers relative to the wages of workmen and between stenographers."

A contract, or agreement between a number of persons which cannot be enforced against any of them seems not to be illegal. The opinion of the court reads as follows:

"The only ground suggested for the State's action is public policy, but if that is ground for equitable interference in the present instance, then, on the same ground, the Attorney-General may apply for an injunction to restrain employers, on the one hand and workmen on the other, from combining to regulate wages; to restrain physicians and other professional men from limiting competition with themselves where their agreement goes beyond what may be necessary to afford a fair protection; to restrain people from concluding or enforcing usurious bargains, in a word, to restrain them from making any illegal contract; for I presume all contracts denounced by the law are, or are considered to be, contrary to public policy. This would, indeed, be giving to equity a jurisdiction which has not, heretofore, been attributed to it.

"But it is said the association is composed of the representatives of corporations. If these corporations were public or quasi-public bodies, and if the Attorney-General were here asked to enjoin them from doing *ultra vires* acts, to the public injury, the case would be different. 'It may,' says Vice-Chancellor Reed, in Attorney-General against American Tobacco Company, 'be regarded as settled that where a quasi-public corporation exceeds its corporate powers and its acts involve a nuisance or otherwise tend to a public injury, a bill may be exhibited against such corporation in the Court of Chancery.' But these companies are not public or quasi-public bodies, and it is not pretended that they have exceeded their corporate powers.

"All that can be said is that in the exercise of their power of fixing rates they have an unenforceable agreement. The business of insurance is one that may be carried on and often has been carried on by individuals. This being so I am unable to understand why these companies should be asked to an accountability different from that which natural persons doing the same acts would be held to. The mere fact that a private corporation is a party to a suit involving contract rights has never in the slightest degree tended to give equity a jurisdiction which it would not otherwise possess, and if the court would not have, where natural persons are suitors, neither will it have it where private companies are."

After the above decision was given the Attorney-General said:

"The courts have always held that in this class of cases a party injured cannot sue for damages unless he can show malice on the part of the alleged offending combination. By this declaration the court holds that the State has no control over any combination except in the case of public corporations like railroads, etc. Therefore, there is no remedy for the people. The only suggestion of a remedy is that if any member of the exchange should withdraw the exchange cannot enforce the contract against it."

The case will be appealed to the Supreme Court, but the chances are very slim, indeed, for a judgment that will render it unlawful for underwriters to agree upon a common schedule of rates. In this connection the Insurance Commissioner of Kentucky recently asked an insurance company:

"Why is it of advantage to companies or managers to maintain an organization for joint ratings and concurrent forms and inspections?"

To this the following answer was given:

"The advantages to companies by such organizations as underwriters' associations are: Economy in operation, obtaining information relating to the business, stability, equity and uniformity in practices, inspections, rates, adjustments, concurrency in forms, conditions, amounts, and in all matters relating to risks in order to avoid ambiguity, thereby benefiting alike the insurer and the insured"

STYLE TO BE DEPRECATED.—At a conference of agents at Denver, one speaker is reported to have said:—

It has been said ten thousand times that the local agent is the Rock of Ages of the fire insurance business. That is true, but it must be remembered that the company with its capital is the Cross to which the agent must cling. One without the other is useless."

Such allusions to sacred matters are to be deprecated. Irreverance is no sign of wit or wisdom.