

Francisco means that the capital and surplus of scores of the companies were wiped out as they stood at the time of the conflagration. The resources of all but a few fortunate companies were sorely reduced. They needed more income to replace or enlarge their surplus, if not to make good an actual impairment. Ordinary losses continue heavy, and the danger of another conflagration is always imminent. More income was needed, if only to protect adequately the outstanding insurance, and if policy-holders understood the situation, they would know that an advance in rates is as much in their interest and to their advantage as to that of the companies.

Conditions justified a much more general and sweeping advance than was finally decided upon by the companies.

Our contemporary "The Spectator" New York, says:

"Property owners are exceedingly critical just now regarding their fire insurance policies and especially anxious to know the financial standing of the companies whose policies they carry. Large insurers have been content heretofore to leave the matter of their insurance in the hands of their brokers, but since the California disaster more than one broker has been called to a private interview with his principal and requested to revise his list of policies that he had placed for the firm, and explain how the companies stand at the present time. Owners of property whose business prospects and commercial credit are largely dependent upon the character of the insurance they carry, cannot afford to pay for policies in any, but companies whose solvency is above suspicion, and the immense losses of the companies in the San Francisco conflagration excites a desire to know how each company interested comes through this unexampled ordeal. The companies at this time are completing their semi-annual statements up to date, and nothing is better calculated to relieve the anxiety of insurers than the publication of these statements. There is nothing like publicity full and frank to catch the attention and confidence of the public.

One of the plainest lessons of the great San Francisco conflagration, and its consequences to individual fire insurance companies, is that some reasonable restriction must be placed upon the insurance to be written in a single city, or, at least, in any given conflagration district. Careful inspections have been made of many of the larger cities, with a view to determining their respective conflagration hazards, and the particular districts especially exposed to the danger of sweeping fires. A fairly safe rule might be to limit a company's writings in any one city, or in any one conflagration district, to an amount equal to its capital and surplus. This plan would practically forestall the

possibility of a single fire placing a company in the position of being unable to meet just claims for either losses or unearned premiums; and would further limit the amount which it might become necessary for stockholders to contribute, in order to continue business, to the amount of capital required. This conservative course would, it thus appears, be beneficial to both the company and its customers following a conflagration in which it was involved; and even though it somewhat decreased profits in good years, it would tend to the permanency of the company, a steady business, and the ultimate advantage of stockholders.

GOOD FAITH CONSTITUTES ONE OF THE REQUISITE ELEMENTS IN LIFE INSURANCE.

The one element that is most clearly indispensable to the Life Insurance Contract is *Good Faith*—absolute and unquestionable good faith on the part of the insured to the company, and an equally absolute and unquestionable good faith on the part of the insurance company towards its policy-holder. If this essential element be absent, or be impaired in even the slightest degree, the contract that should be a satisfaction and benefit to both parties consenting to and bound by it, is either vitiated or robbed of its power of affording satisfaction and benefit in the measure of the extent of the actual departure from the strict line and rule of good faith.

Upon the receipt of an application for a policy of insurance upon any life, the company to whom the application is made must carefully consider many elements of determining influence—age; sex; occupation; location of residence; past history of disease, or record of freedom from disease, or permanently impairing injury; present condition of health, height, weight, family history, the physical development and condition of the applicant. All these and other conditions are of valuable import, but the whole application in its entirety is worse than useless and unreliable if bad faith exists on the part of the applicant.

The suspicion that bad faith has dictated the answer to any one of the many questions necessarily asked in an application for a life insurance policy prejudices the applicant in the eyes of the executive officers of the company far more than anything else can possibly do, because it most inevitably suggests, and forces the belief, that bad faith underlies every other answer, and that the apparent record is a false and untrustworthy one. The inference naturally is that falsity in one answer may mean falsity in every other answer, and that the desire for insurance has its inception in the wish and intent to perpetrate a fraud and encompass the issuing of a contract, unequal in its