

legislation in the other States. It was not until 1811 that the first general Companies Act was passed in the State of New York and freedom of incorporation did not become general until the middle of the last century, Henderson, p. 37. It was not, in fact, until 1837 that it was held by the Supreme Court of the United States that a company could carry on business in a State other than that of its creation, *Bank of Augusta v. Earle* (1837), 13 Pet. 519.

Side by side with these restrictive provisions, legislation limiting and restricting the rights of companies other than those of the State were adopted. The first relative to the subject of insurance was passed by the State of New York in 1821. Legislation of this character was passed by all the States limiting foreign companies, and included companies of other States. It was brought about by the jealousies of the various States, more particularly between the North and South. This is referred to by Mr. Justice Field in *Paul v. Virginia* (1868), 8 Wallace 168, where he pointed out that if an argument adduced should prevail a State could not charter a company with purposes, however restricted, without at once opening the door to a flood of corporations from other States to engage in the same pursuit. It is pertinent to quote further from the judgment in that case to shew the prevailing views respecting companies held at that time, *Paul v. Virginia* (1868), 8 Wallace 168, at p. 181:

"The corporation being the mere creation of local law, can have no legal existence beyond the limits of the sovereignty where created. . . . Having no absolute right of recognition in other States, but depending for such recognition and the enforcement of its contracts upon their consent, it follows, as a matter of course, that such assent may be granted upon such terms and conditions as those States may think proper to impose. They may exclude the foreign corporation entirely; they may restrict its business to particular localities or they may exact such security for the performance of its contracts with their citizens as in their judgment will best promote the public interest. The whole matter rests in their discretion."