

# **INSURANCE AND THE STATE**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649364053

Insurance and the state by W. F. Gephart

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd.  
Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

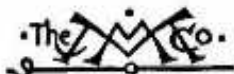
[www.triestepublishing.com](http://www.triestepublishing.com)

**W. F. GEPHART**

**INSURANCE  
AND THE STATE**



**INSURANCE AND THE STATE**



THE MACMILLAN COMPANY  
NEW YORK · BOSTON · CHICAGO · DALLAS  
ATLANTA · SAN FRANCISCO

MACMILLAN & CO., LIMITED  
LONDON · BOMBAY · CALCUTTA  
MELBOURNE

THE MACMILLAN CO. OF CANADA, LTD.  
TORONTO

EcF  
G3534i

# INSURANCE AND THE STATE

BY

<sup>William Franklin</sup>  
W. F. GEPHART, Ph.D.

PROFESSOR OF ECONOMICS, WASHINGTON UNIVERSITY  
AUTHOR OF "PRINCIPLES OF INSURANCE"

178868.  
17.3.23.

New York

THE MACMILLAN COMPANY

1913

*All rights reserved*



**COPYRIGHT, 1913,  
By THE MACMILLAN COMPANY.**

Set up and electrotyped. Published September, 1913.

**Norwood Press  
J. B. Cushing Co. — Berwick & Smith Co.  
Norwood, Mass., U.S.A.**



## PREFACE

No more interesting aspect of the public's attitude towards insurance has developed than the opinion which is beginning to be expressed in many quarters that the business should be made a public monopoly. It is difficult to explain fully the origin of this opinion. Perhaps it has its origin in part in the belief by some that the practices of some companies and officials prove that individuals have forfeited the right to conduct insurance as a private business. This may assume that those holding this view have such an understanding of insurance that they perceive its enormous social possibilities and conclude that the possible social uses of it are such that private interests must give way to what they conceive to be a larger public interest. On the other hand, the opinion may be a result of the conviction which many have come to have that the state should be intrusted with any activity which affects large numbers of its citizens. This assumes a faith in the efficiency and integrity of public officials which many do not yet hold.

## PREFACE

The author hopes that his practical experience in the business and his teaching of the subject have made it possible for him to appreciate the arguments of the opposing parties to the controversy. This brief discussion is modestly offered in the hope, therefore, that it may be of some value in modifying the extreme views on each side and aiding others in reaching a rational conclusion. If the discussion has any value, it must be because of the questions which it raises and not of those which it answers.

No effort has been made to write a brief either for or against a state monopoly of insurance. Many of the statements will doubtless seem absurd to one or the other class of extremists, but it is hoped that there is a large class who are open minded and will find something in the discussion to aid them in arriving at a rational conclusion.

Insurance as a subject for formal study and writing has received surprisingly little attention in the United States, notwithstanding the fact that it has had in this country a wonderful development and has been a subject for frequent legislation and investigation in the numerous states.

Practically no one except those interested in

## PREFACE

selling insurance and managing the companies has given the business the study which its importance demands. This condition has been unfortunate both for the public and the insurance business. Those connected with the companies came to have in many instances little respect for the public's knowledge of insurance and sometimes little consideration for the public interest involved in the conduct of the business. Practices in the formation and operation of companies were thus made possible which have injured the insurance business, partly because of the practices themselves and partly because of unwisely enacted laws. As the public became interested in the methods of business conduct, attention was directed to the insurance business with the idea of instituting certain reforms. Yet when the public endeavored to apply the reform ideas to this business, it was found that few legislators had the knowledge which was necessary to direct constructive reform legislation. Insurance in its fundamental aspects is not like other business in that it is not one for great private profit. Yet as it had been practiced in many instances it had become of this character, and hence many legislators classed it with the ordinary private business. It