

are in good faith entitled to, but are financially unable to, procure such insurance through ordinary methods.²⁵⁴

However, the Court has discerned some limitations to such regulations. A statute that prohibited the insured from contracting directly with a marine insurance company outside the state for coverage of property within the state was held invalid as a deprivation of liberty without due process of law.²⁵⁵ For the same reason, the Court held, a state may not prevent a citizen from concluding a policy loan agreement with a foreign life insurance company at its home office whereby the policy on his life is pledged as collateral security for a cash loan to become due upon default in payment of premiums, in which case the entire policy reserve might be applied to discharge the indebtedness. Authority to subject such an agreement to the conflicting provisions of domestic law is not deducible from the power of a state to license a foreign insurance company as a condition of its doing business therein.²⁵⁶

A stipulation that policies of hail insurance shall take effect and become binding twenty-four hours after the hour in which an application is taken and further requiring notice by telegram of rejection of an application was upheld.²⁵⁷ No unconstitutional restraint was imposed upon the liberty of contract of surety companies by a statute providing that, after enactment, any bond executed for the faithful performance of a building contract shall inure to the benefit of material men and laborers, notwithstanding any provision of the bond to the contrary.²⁵⁸ Likewise constitutional was a law requiring that a motor vehicle liability policy shall provide that bankruptcy of the insured does not release the insurer from liability to an injured person.²⁵⁹ There also is no denial of due process for a state to require that casualty companies, in case of total loss, pay the total amount for which the property was insured, less depreciation between the time of issuing the policy and the time of the loss, rather than the actual cash value of the property at the time of loss.²⁶⁰

Moreover, even though it had its attorney-in-fact located in Illinois, signed all its contracts there, and forwarded from there all checks in payment of losses, a reciprocal insurance association covering real property located in New York could be compelled to com-

²⁵⁴ *California Auto. Ass'n v. Maloney*, 341 U.S. 105 (1951).

²⁵⁵ *Allgeyer v. Louisiana*, 165 U.S. 578 (1897).

²⁵⁶ *New York Life Ins. Co. v. Dodge*, 246 U.S. 357 (1918).

²⁵⁷ *National Ins. Co. v. Wanberg*, 260 U.S. 71 (1922).

²⁵⁸ *Hartford Accident Co. v. Nelson Co.*, 291 U.S. 352 (1934).

²⁵⁹ *Merchants Liability Co. v. Smart*, 267 U.S. 126 (1925).

²⁶⁰ *Orient Ins. Co. v. Daggs*, 172 U.S. 577 (1899) (the statute was in effect when the contract at issue was signed).