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Doctrine of Imputed Knowledge

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THE DOCTRINE OF IMPUTED KNOWLEDGE*

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Possibly the most recent comprehensive decision upon the Doctrine of Imputed Knowledge by a state court of last resort, is that of the Supreme Court of South Carolina in *In re Aiken Petroleum Company v. National Petroleum Underwriters of Western Millers Fire Insurance Company of Kansas City, Missouri*, 207 S. C. 236, 36 S. E. 2d 380 (1946), 6 CCH Fire and Casualty Cases 9.

This article is written in order to acquaint those who may be interested in this application of the ancient concept involved, with the reasoning of the Supreme Court of South Carolina, and perhaps in order to examine its basis.

PARTIES TO THE LITIGATION

The plaintiffs in the litigation were Geddings Cushman and his wife doing business in Aiken, South Carolina, as local distributors of gasoline and oil under the name of Aiken Petroleum Company, hereinafter referred to as the Petroleum Company. The defendant above stated is a mutual insurance company, and is hereinafter referred to as Western Millers. As it is also necessary to a complete understanding of the litigation, reference must be made to that company's predecessor in the business of insuring petroleum products in South Carolina, the National Petroleum Mutual Fire Insurance Company of Philadelphia, hereinafter referred to as the National Mutual Company, and to the general agent in South Carolina for both companies, who is hereinafter referred to simply as the General Agent.

At the threshold of the case was the unusual but definitely established and admitted fact that Mr. Cushman, who had managed the business of the Petroleum Company, had "insurance knowledge" which surpassed that of practically all laymen in that field.

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He knew what a "co-insurance clause" in a fire insurance policy meant. Admittedly, an insurance agent had tried to sell him a policy on his petroleum products with a full co-insurance clause prior to 1937, and had shown him a printed rating schedule regarding the same. As Cushman tersely expressed it at the trial, he had then learned that "if I had a policy with such a clause in it for $5,000.00, and had a loss of that amount, I could not collect but about fifty per cent of that amount, unless I carried more insurance myself. I realized how serious it was to buy something like that." As at that time Cushman could not secure a policy at a lower rate than about $4.00 per hundred, with a full co-insurance clause also involved, he remained uninsured in so far as his petroleum products were concerned, as he figured that he would be paying approximately $8.00 per hundred for insurance. He considered this figure to be prohibitive.

FACTS OF THE CASE

Then in 1937 the General Agent of the National Mutual Company in South Carolina visited Mr. Cushman and solicited the writing of insurance on his petroleum products at the amazingly low rate (when the former offer made to him was considered), of $1.15 per hundred. Cushman testified at the trial of the case that he immediately and anxiously asked if co-insurance was involved, and stated his fixed aversion to such a clause being embodied in any policy that he might take, his feeling being that no matter what price he paid, if he had a policy for a face value of say $5,000.00, with a full co-insurance clause in it, he could not, in case of loss, collect more than approximately $2,500.00, and that he was simply "fooling himself." Then Cushman testified at the trial that the General Agent in question who, as he (Mr. Cushman) described it, was evidently eager to get and keep his business, told him that there would be no co-insurance clause in the policy that he would write, and further in effect assured him that no such clause, in view of his aversion thereto, would ever be inserted in any policy that he (the General Agent) would ever write in any company that he ever represented or any property that Cushman might own or become interested in. Mr. Cushman accepted the offer. Policies at $1.15 per hundred were written by the General Agent in the National Mutual Company in 1937, 1938, and 1939 without any co-insurance clause. In 1940 the National Mutual Company ceased to func-

tion in South Carolina, but the same General Agent who had originally visited and talked with Cushman wrote renewals at the same rate in Western Millers, of which company he had, in the meanwhile, become General Agent in South Carolina. This policy had no co-insurance clause. Cushman examined carefully the policies for several years and ascertained definitely that no co-insurance clause appeared in any policy up to 1940. In 1943, a devastating fire occurred at the Petroleum Company's plant in Aiken, with an admitted loss of a greater amount than $4,000.00, which was the face of the existing policy on Cushman's petroleum products. Payment of the insurance was requested, but Cushman was notified that the policies of 1942 and 1943, which he had not examined, but which, because a rating bureau which Western Millers had recently joined required it, had full co-insurance clauses attached to them, and the insurance company sought to settle the claim for approximately $2,100.00, the amount of the policy liability with effect being given to the co-insurance clause. Cushman was aghast at this news, he having no knowledge or thought that such a clause had been inserted without his being notified.

Action to Reform a Policy

An action was promptly brought in the Court of Common Pleas of Aiken County. The action, in form, was to reform the policies of 1942 and 1943, by deleting the co-insurance clauses, with any proper adjustment of premiums being made, and for judgment upon the policy of 1943 as reformed for its face value of $4,000.00 with interest and costs. The theory of the Complaint was that when the defendant's General Agent in South Carolina, in 1942 and again in 1943 wrote the policies, and with no notice to Cushman embodied in them full co-insurance clauses, that, to use the language of the complaint, he then had "in mind and memory" his original statement and the assurance given to Mr. Cushman in 1937.

The gravamen of the complaint was that although the General Agent in question in 1937 was the General Agent of National Mutual Company, when in 1940 he became General Agent in South Carolina for Western Millers, and wrote the policies of 1940 and 1941 without the co-insurance clause, and when in 1942 and 1943 he reversed his method of procedure and, without notice to the Petroleum Company, wrote those policies with the full co-insurance feature involved, and with-

out any reduction in the premium charged, but in fact with an increase therein, he personally preparing or countersigning all policies, and he throughout having in mind and memory his assurance to Cushman, knew, as General Agent of Western Millers, and it knew through him, that the policies which he issued did not "constitute the true contract of insurance between the insured and the insurer," and therefore the offending policies should be reformed.

The nub of the matter was the contention that, under the Doctrine of Imputed Knowledge, the second insurance company was charged with knowledge acquired by its General Agent while he was acting as General Agent several years previously for the first company, which knowledge the plaintiffs undertook to prove he retained when he wrote the co-insurance policies. It is to be specifically noted that the same man personally throughout the whole matter acted for both insurance companies.

Various defenses were presented. For instance, the defendant stoutly questioned plaintiffs' right in any event to have the policy reformed, and there were other defenses, such as the effect of the Statute of Frauds, and of alleged negligence on plaintiffs' part. None of these defenses need be discussed in this article, as they are not germane to the doctrine under discussion. Suffice it to say in this connection, that the case was hotly litigated. Entirely pertinent to this discussion is the fact that the application of the doctrine of Imputed Knowledge to the facts of the case was vigorously and learnedly denied by defendant's counsel.

The case was tried before a jury upon issues framed by the trial court. The General Agent in question categorically denied giving to Cushman the assurances upon which the case was based, and also denied Mr. Cushman's testimony upon which it was alleged that when he wrote the policies of 1942 and 1943 with the co-insurance clauses in question, he had his assurances to Cushman in mind and memory, although Cushman swore that after the fire he had, in effect, so stated. With the testimony of the two men before it, and with many letters which passed between them in evidence, which letters plaintiffs claimed were directly corroborative of Mr. Cushman's testimony, the jury answered all interrogatories agreeably to plaintiffs' contention, and the trial judge approved and adopted the jury's findings.

In passing it might be said that the plaintiffs definitely refrained from attempting to enforce as a contract or agreement the General Agent's assurances to Mr. Cushman, but that they proceeded entirely upon the theory that when the policies embodying the co-insurance clauses were written, they were written with the actual knowledge on the part of the General Agent, and with the knowledge imputed to the defendant company, and because the assurances in question had been made, the policies did not constitute true contracts of insurance between the parties.

WAS AGENT'S KNOWLEDGE IMPUTED TO THE COMPANY

Hence, the case went to the Supreme Court of South Carolina with the facts, as herein stated, settled in favor of the plaintiffs, and the question which was squarely presented to the Supreme Court was whether knowledge gained by the agent of one company while he was attending to practically the same business, and while he had "in mind and memory" knowledge that he had obtained when he acted for the first company, is in law imputed to the second company. This pivotal question was debated, with the citation of many authorities, before the Supreme Court of South Carolina, which in a carefully prepared *per curiam* decision unequivocally ruled:

> "The major issue involved in this case has to do with the doctrine of imputed knowledge and under what circumstances knowledge acquired by an agent prior to his agency may be imputed to his principal.
>
> "There is a conflict of authority on the question, but the more logical rule, and that which is supported by the great weight of recent authority, is that knowledge of an agent acquired prior to the existence of the agency may be chargeable to the principal if it is clearly shown that the agent, while acting for the principal in a transaction to which the information is material, has the information present in his mind and memory at the time of the transaction in question; provided the information was not obtained under such circumstances as to make it the legal duty of the agent not to divulge it to the principal."

All exceptions were overruled and plaintiffs collected the full amount on their policy, the policies being reformed by the court by the elimination of the co-insurance clauses.

Was the application of the Doctrine of Imputed Knowledge to the facts of the case correct? Was the decision based upon sound legal principles? The author thinks that it was.

U. S. SUPREME COURT PRECEDENT

After some divergent decisions had been rendered in this country upon the doctrine in question, the Supreme Court of the United States clarified the concept of Imputed Knowledge for the American courts as far back as 1870 in its "Distilled Spirits" decision.[1] Therein one Boyden, before he became agent of his co-defendant, Harrington, participated in the giving of a false bond to withdraw certain distilled spirits from a bonded warehouse. Later he became agent for Harrington in acquiring some of the illegally withdrawn spirits. The Government forfeited the spirits, including those in Harrington's possession. He claimed that he was innocent of the fraud, and that he had no knowledge of its perpetration, and sought to establish title to them despite the forfeiture. The Government countered with the claim that the guilty knowledge of his agent was imputed to him.

Mr. Justice Bradley, who delivered the opinion of the Supreme Court, went back into the English decisions and found historically that "Lord Hardwicke thought that the rule could not be extended so far as to affect the principal by knowledge of the agent acquired previously in a different transaction." But Justice Bradley observed somewhat sarcastically that if in fact the agent "still retained the knowledge so formerly acquired," Lord Hardwicke's idea "was certainly making a very nice and thin distinction." He fortified his observation by quoting from a decision of Lord Eldon,[2] to the effect that if the second transaction followed closely upon the first, "it is impossible," his Lordship tritely remarked "to give a man credit for having forgotten it." Then Justice Bradley stated that under Eldon's lead, Hardwicke's "thin" distinction was entirely overruled by the Court of Exchequer Chamber in the case of *Dresser v. Norwood,* 17 C. B. N. S. 466 (1864). Then Justice Bradley in 1870 succinctly stated the rule which has generally been followed, but with some dissent by the courts of this country, since its enunciation, as follows:

1. Harrington v. United States, 2 Wall. 356 (U. S. 1877).
2. Mountford v. Scott, 1 Turn. & R. 274 (1823).

> "So that in England the doctrine now seems to be established, that if the agent, at the time of effecting a purchase, has knowledge of any prior lien, trust, or fraud, affecting the property, no matter when he acquired such knowledge, his principal is affected thereby. If he acquires the knowledge when he effects the purchase, no question can arise as to his having it at that time; if he acquired it previous to the purchase, the presumption that he still retains it, and has it present to his mind, will depend on lapse of time and other circumstances. Knowledge communicated to the principal himself he is bound to recollect, but he is not bound by knowledge communicated to his agent, unless it is present to the agent's mind at the time of effecting the purchase. Clear and satisfactory proof that it was so present seems to be the only restriction required by the English rule as now understood. With the qualification that the agent is at liberty to communicate his knowledge to his principal, it appears to us to be a sound view of the subject."

The qualification stated "that the agent is at liberty to communicate his knowledge to his principal" has since been enlarged upon by the courts to fit individual cases as they have arisen. These enlargements are presently referred to.

It is to be noted that in the *Aiken Petroleum Company* case, both in the complaint and in the issues framed by the Court, somewhat archaic language is used in the allegation of the complaint and the inquiry to the jury relating to the question of whether the General Agent had the knowledge which the plaintiff claimed was imputed to the principal "in mind and memory" when he acted for his principal. This engaging phrase does not appear in the decisions of the United States Supreme Court referred to, nor in any other decision which we have read until the opinion of Mr. Justice Cothran, of the Supreme Court of South Carolina (hereinafter referred to), in the case of *Bank of Anderson v. Breedin,* 119 S. C. 39, 111 S. E. 799 (1921), is reached. Therein Judge Cothran quoted from Pomeroy's *Equity Jurisprudence,* wherein the author had coined the apt phrase "in mind and memory." Hence in drafting both the complaint and the issues that expression was purposely used.

In the "Distilled Spirits" decision, *supra,* the Supreme Court noted a divergence in the earlier decisions, lining up *Bank of the United States v. Davis,* 2 Hill 452, and *New York Cen-*

tral Insurance Company v. National Protection Company, 20 Barbour 468, as supporting Lord Hardwicke's now rejected theory, against *Hart v. Farmers and Merchant's Bank,* 33 Vermont 252 (1860), as supporting Eldon's view and the view then authoritatively adopted by the court.

OTHER SUPPORT

Judge Freeman, the erudite author of the valuable editorial notes to the reporter system, exhaustively considered the doctrine under discussion in an editorial note appended to his report of the case of *Trentor v. Pothen,* 46 Minn. 298, 49 N. W. 129, 24 A. S. 225 (1891). He therein cogently points out that there are two basic theories upon which knowledge obtained in any manner by an agent is imputed to his principal. The first theory is the *alter ego* theory, which imputes to the principal knowledge obtained by the agent only while he is acting for the principal, and merely upon the idea that the agent and the principal are, for the purposes of this inquiry, to be regarded as being legally identical. This theory excludes knowledge obtained by the agent prior to the existence of the agency. The second theory is based on the thought that no matter how acquired, it is the duty of the agent to disclose to his principal any knowledge whatever that he has affecting the subject matter of the agency within certain limitations. Judge Freeman approved the second theory as being more logical and as being supported by the weight of authority, as he states in the following quotation taken from his editorial:

> "The line of cases which support the other theory, and which we think are based upon the best reasoning, as well as the weight of authority, finds the reason of the rule in the duty of the agent to disclose to his principal all notice and knowledge which he may possess, and which is necessary for the protection of the principal. The law conclusively presumes the agent to have performed this duty, and imputes to the principal whatever notice or knowledge is then possessed by the agent, whether he has in fact disclosed it or not, and whether or not it came to his knowledge during the existence of the agency, or so shortly before its creation as to be presumed to be present in his mind at the time of the transaction in question, so long as he is at liberty to disclose it to his principal. The rule deducible from the authorities which

support this theory may be stated to be, that the law imputes to the principal, and charges him with, all notice or knowledge relating to the subject matter of the agency which the agent acquires or obtains while acting as such within the scope of his authority, or which he may have previously acquired, and which he then had in mind, or which he had acquired so recently as to raise the presumption that he still retained it: *The Distilled Spirits,* 11 Wall. 356-367; *Lebanon Savings Bank v. Hollenbeck,* 29 Minn. 322; *Wilson v. Minnesota Ins. Ass'n,* 36 Minn. 112; 1 Am. St. Rep. 659; *Hart v. Farmers' etc. Bank,* 33 Vt. 252; *Patten v. Merchants' etc. Ins. Co.,* 40 N. H. 375; *Slattery v. Schwannecke,* 118 N. Y. 543; *Richardson v. Palmer,* 24 Mo. App. 480; *Malten v. Mutual etc. Ins. Co.* 58 Vt. 113; *Yerger v. Barz,* 56 Iowa 77; *Fuller v. Altwood,* 14 R. I. 293; *Flower v. Elwood,* 66 Ill. 438; *Fairfield Savings Bank v. Chase,* 72 Me. 226; 39 Am. Rep. 319; *Constant v. University,* 111 N. Y. 604; 7 Am. St. Rep. 769."

As we have hereinbefore stated, which fact the Supreme Court of South Carolina recognized in its decision in the *Aiken Petroleum Company* case, there are limitations to the rule that prior knowledge on the part of an agent will be imputed to his principal. Judge Freeman states that "the test as to whether notice to the agent is notice to the principal, is whether or not the information was of a character which it was the duty of the agent to communicate." The limitation is aptly stated by the Supreme Court of Maine, in *Fairfield Savings Bank v. Chase,* 72 Me. 226, 39 Am. Rep. 319 (1881), as follows (interpolated numerals author's):

> "But we think all things considered, the safer and better rule to be that the knowledge of an agent, obtained prior to his employment as agent, will be an implied or imputed notice to the principal, under certain limitations and conditions, which are these: (1) The knowledge must be present in the mind of the agent when acting for the principal, so fully in his mind that it could not have been at the time forgotten by him; (2) the knowledge or notice must be of a matter so material to the transaction as to make it the agent's duty to communicate the fact to his principal; and (3) the agent himself must have no personal interest in the matter which would lead him to

conceal his knowledge from his principal, but must be at liberty to communicate it. Additional modification might be required in some cases. These elements appearing, it seems just to say that a previous notice to an agent is present notice to the principal."

The decision of the Supreme Court of South Carolina in the *Aiken Petroleum Company* case finds support in three learned state decisions. The first of these is by the Supreme Court of Wisconsin, in the case of *Shafer v. Phoenix Ins. Co.*, 53 Wis. 361, 10 N. W. 381 (1881). The Court said:

"But it is said and claimed that in order to charge the defendant with a knowledge of these facts the agent must have been acting for it at the time he learned about them. In other words, that unless the agent acquired them in his capacity as agent of the defendant, and while engaged in the transaction of its business, the company will not be bound by it. We see no reason for thus restricting the rule. If the agent, when he renewed the policy, had not forgotten the information which he had received from the assured on these subjects—if he had in his mind these facts concerning the risk, knew of the existence of the judgments and of the foreclosure suit, why should not this be deemed sufficient, and equivalent to a notice to the defendant of the same things. If the agent knew the facts when he was called upon to act for his principal in the matter, that is all we consider necessary. There is no hardship in imputing such knowledge of the agent to the principal. This rule excludes all rumors or loose information, coming to the knowledge of the agent, which he is not bound to charge his mind with."

The second decision is that of the Supreme Court of California, in *Bogart v. George K. Porter Co.*, 193 Cal. 197, 223 Pac. 959 (1924). The court succinctly stated the rule under consideration as follows:

"The rule invoked by counsel is subject to the qualification that 'knowledge possessed by an agent while he occupies that relation and is executing the authority conferred upon him, as to matters within the scope of his authority, is notice to his principal, although such knowledge may have been acquired before the agency was created, if it appears that such knowledge was present in

his mind at the time he acted for the principal.' *Cooke v. Mesmer,* 164 Cal. 332, 338; 128 Pac. 917, 920; *Christie v. Sherwood,* 113 Cal. 526, 530; 45 Pac. 820."

A third cogent decision upon the subject is that of the Supreme Court of Minnesota, in *Lebanon Savings Bank v. Hallenbeck,* 29 Minn. 322, 13 N. W. 145 (1882), in which the court says:

> "Knowledge of an agent acquired previous to the agency, but appearing to be actually present in his mind during the agency, and while acting for his principal in the particular transaction or matter, will, as respects such transaction or matter, be deemed notice to his principal, and will bind him as fully as if originally acquired by him. (Citing cases.) This rule * * * if carefully applied is deemed a salutary one, and calculated to promote justice and fair dealing."

The general thesis of this article, that the basis of the decision of the Supreme Court of South Carolina in the *Petroleum Company* case is supported by the United States Supreme Court, and by the vast majority of the courts of last resort of the American states, is authoritatively sustained by an editorial note set out in Ann. Cas. 1912, p. 95. Therein it is shown that the application of the doctrine as suggested is supported not only by the United States Supreme Court, but by the courts of last resort of California, Georgia, Illinois, Iowa, Kansas, Louisiana, Maine, Missouri, Minnesota, Mississippi, Maryland, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Rhode Island, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin. The view that the knowledge obtained by an agent in a previous employment definitely cannot be imputed under any circumstances to his principal seems to be supported only in Alabama, Connecticut, Indiana, Kentucky, Nebraska, Pennsylvania, and Texas.

Before closing the present consideration of the case law upon the subject, it is proper to refer briefly to at least two prior decisions of the Supreme Court of South Carolina upon the subject involved. In addition to the two decisions in question, there have been numerous other decisions by that court generally touching the matter in hand, none of which, however, were factually closely akin to the *Petroleum Company* case.

We have heretofore adverted to the decision of Mr. Justice Cothran in *Bank of Anderson v. Breedin, supra.* Therein the *Distilled Spirits* decision, *supra,* and the difference of opinion between Lord Hardwicke and Lord Eldon were learnedly discussed and many authorities were carefully collated, including Mr. Pomeroy's work, and Meachem on *Agency,* and the conclusion was reached that the majority rule, and the more logical one, was that which is frequently herein stated, but the Justice in question, and this is the point of referring again to his decision, added a profoundly sensible consideration of the whole matter which is vividly applicable to the *Petroleum Company* case. The suggestion referred to is, that if the person who first obtained the knowledge which is sought to be imputed to a principal was not in fact the agent who later carried out the transaction in question, it would not be logical to impute such knowledge, even though it is actually in the mind of the first agent, to the principal, but that if, as in the *Petroleum Company* case, the same man obtained the knowledge in question, even in a prior agency, and then carried out the main transaction, it would be entirely logical to impute his knowledge to his principal. The Justice expressed his thought in the following manner: "But it presents a very different aspect when the agent, with knowledge of the damning circumstances, acquired either before the agency began or afterwards in his private capacity, personally consummates the transaction."

The same thought was pointedly expressed in an early decision of the Supreme Court of South Carolina.[3] Therein the same man obtained the knowledge long before the transaction involved took place, but personally carried through the transaction under consideration. The court ruled:

> "It is in that case an instance of knowledge brought home to the agent of a corporation possessing full authority to act, and actually acting as such in the matter to which the notice relates—the strongest case of charging a corporation with notice of matter known to its agent."

The distinction suggested by the Supreme Court of South Carolina may be merely a restatement of a necessarily involved phase of the doctrine. Nevertheless it is abundantly met by

3. Webb v. Graniteville, 11 S. C. 396 (1878).

the admitted facts in the *Petroleum Company* case, as therein the same man, the General Agent, who obtained the knowledge in question while acting for the National Petroleum Company, actually issued all policies involved in the case, specifically including the policies of 1942 and 1943 in Western Millers, in which he inserted the objectionable full co-insurance clauses.

It is of course to be definitely understood that there are myriads of decisions dealing with the doctrine under discussion, and no effort is being made in this article to do more than to discuss a few of the leading decisions and determine where the weight of authority lies, and to determine whether the South Carolina decision under review is based upon the prevailing rule of law upon the subject in question.

Even though we refrain, in order to keep this article within proper limits, from considering the conclusions of eminent text writers upon the subject involved, our consideration of the subject under discussion would be entirely incomplete should we fail to set out the conclusions of such collectors and expositors of the law as the editors of *Corpus Juris* and of *American Jurisprudence*, and of the compilers of the *American Law Institute Restatement*. These, in the order stated, conclude as follows:

"On the question whether a principal is chargeable with knowledge acquired by an agent prior to the existence of his agency the authorities differ widely, some holding that in order to charge the principal the knowledge must be acquired by the agent during the agency, and that, as a general rule, knowledge acquired prior thereto will not affect the principal. The more logical rule, however, and that which is supported by the great weight of recent authority, is that knowledge of an agent acquired prior to the existence of the agency will be chargeable to the principal if it is clearly shown that the agent, while acting for the principal in a transaction to which the information is material, has the information present in his mind, or where it was acquired so recently, or under such circumstances, that it will be presumed to have been in his mind at the time of the transaction in question; and provided the information was not obtained under such circumstances as to make it the legal duty of the agent not to divulge it to the principal." 2 *Corpus Juris*, Agency, Sec. 547; p. 867.

"According to the majority view, which is based upon the theory of a presumption that the agent performs the duties of his agency by disclosing to the principal any knowledge which he may possess necessary or material to the protection of the principal's interest, the fact that the knowledge with which the principal is sought to be charged was acquired by the agent prior to the agency does not prevent the application of the general rule charging the principal with the knowledge of his agent." 2 *American Jurisprudence,* Agency, Sec. 376; p. 294.

"Except as stated in Section 281, the time, place or manner in which knowledge of an agent or servant is obtained, is immaterial in determining the liability of a principal or master because of it."

The exception noted is merely the case of there being a duty on the part of the agent not to disclose his knowledge, which exception has hereinbefore been adverted to. *American Law Institute Restatement,* Agency, Sec. 276; p. 616.

CONCLUSION

Ceasing to multiply authorities and to pile up corroborative data, we submit and conclude that the facts of the *Petroleum Company's* case presented to the South Carolina courts an especially strong case for the application of the Doctrine of Imputed Knowledge. We further submit and conclude that in the case in question, in which the knowledge involved was gained while the agent was General Agent of the National Mutual Company, which information had to do with the business of writing insurance on property of *Aiken Petroleum Company,* and in which the same General Agent later wrote the offending policies on properties of the Aiken Petroleum Company, he personally acting on both occasions, with the knowledge previously gained by him "in mind and memory", the conclusion is irresistible that the decision of the Supreme Court of South Carolina to the effect that his knowledge so obtained was imputed to his principal is correct, and is based upon proper legal principles.

And, by the same token, the Insurance Companies and other concerns which necessarily act through agents, may be assured that they will not be visited with the knowledge of their agents, acquired in previous employments, except under the unusual circumstances herein set out.