

THE INDISPENSABLE AGENT.

(President W. Lyle Reid, before Ottawa Life Underwriters Association).

Some one has said that the life insurance solicitor, to make a success of his work, must see people, many people; get their interest; create a great desire on their part to purchase, and persuade them to immediate action. If these things are required of him does not it go for the saying that he is an indispensable factor—the important link between the need and the supply?

Moreover, comparative failure has marked every attempt to conduct business without his aid, the reason being that the public will not buy life assurance as it does beefsteak and groceries. Let us review the recent experience of Wisconsin in this regard. In 1911 by an act of the legislature its state insurance department was allowed two years in which to put an agentless scheme into operation. As a substitute for the man with the rate book, various government officials were to receive a remuneration of 25c. for transmitting each proposal and 1 p.c. of the first full annual premium. But, after waiting the required period for the necessary 500 applications to commence business, these were not forthcoming and why? Because, in attempting to save agents' commissions the law makers of Wisconsin showed themselves to be poor judges of human nature.

ANOTHER EXPERIENCE.

One hears from time to time the flippant statement that the agent's remuneration involves too great a share of life underwriting expense and that some form of over-the-counter or mail service would be a desirable substitute. Has this been the result in the case of the Postal Life? Permit me to quote from the *Observer* of April 1st, 1912, "The experiment of writing life assurance without agents has proven a dismal failure as exemplified in the experience of the above-mentioned company. It spent for advertising in 1911 \$26,635.32; for printing and stationery \$14,494.65 and for postage, telegraph, telephone and express charges \$13,753.83, a total of \$54,883.80. Not all of the last two items is properly chargeable to the cost of writing new business but a portion, at least, was for that purpose. It is somewhat significant that the total of the three items represents over 2¾ p.c. of the entire premium income, while in other companies these expenses are only from one-half to one per cent. of such income. The mail-bag publicity has resulted in the issue of only 730 policies representing \$1,423,223 and the receipt of only \$53,703.31 in first year's premiums. For advertising alone almost 50 p.c. of the first year's premiums was expended and any additional charge for postage, printing and stationery makes a deeper cut in these first year's premiums out of which policyholders, as advertised, were to receive a dividend of 50 p.c."

The truth of the matter is that without agents there isn't "volume" but there is "high mortality" and for obvious reasons the former must be forthcoming and the latter avoided, if life insurance is to fulfill its real function—protecting the greatest possible number at the lowest possible cost.

AN ECONOMIC NECESSITY.

In the *Chronicle* of March 21st last, this business of ours was described as "the most efficacious finan-

cial protection in the world." Granting this to be a fact, if it can be shown that any attempt to dispense with agents has restricted the benefits of life assurance, isn't there ample justification for employing them? Take the case of the Equitable of London. In 1912, and after an existence of 150 years, its new business consisted of 251 policies for £253,777. During the year claims arose on 66 lives under 95 policies for £203,803, while according to Insurance Commissioner Palmer, of Michigan, "it has in force but eight millions of business." Notwithstanding the fact that this is a country of great distances and, as yet, small population, it is worthy of note that nearly every Canadian company with "its agency force of high intelligence, constant activity and fine local character" obtained more applications for new assurances during the past year than this century-and-a-half-old British office. If agentless life assurance cannot flourish in the world's largest city and, as well, its commercial centre, am I not making a plain statement of fact when I say, in closing, that the field representative instead of being (as some one would have us believe) a useless middleman, is an economic necessity?

CAPITALISATION OF INSURANCE COMPANIES.

Parliamentary Objections to a Low Minimum—Limit for Fire Companies now \$100,000.

When the bill incorporating the Canadian Provident Insurance Company came before the House of Commons in Committee on Monday, objection was taken to it by Mr. Carvell, on the ground of the Company's small capital. The authorized capital is \$500,000, and the Company is to be allowed to do fire business when \$250,000 has been subscribed and \$100,000 paid up. It is also acquiring power to transact plate glass, steam boiler and inland transportation business, being allowed to begin on these classes of business when an additional \$50,000 capital has been paid up, and marine business when an additional \$25,000 has been paid up. Mr. Carvell expressed the opinion that the Company should have \$500,000 paid-up capital before it should be allowed to do any business.

MINIMUM CAPITAL A MATTER FOR RE-CONSIDERATION.

Mr. Ames replied that until the present session of Parliament \$75,000 has been regarded as the amount at which a fire insurance company could commence business. The Banking and Commerce Committee at the very outset of this session discussed this matter and then determined to make the initial capital \$100,000. "That," Mr. Ames continued, "has been held as a precedent in all the insurance Bills which we have passed this session. In this case, as a fire insurance company, it has to have a paid-up capital of \$100,000. When the company makes contracts of plate glass insurance, steam boiler insurance, and inland transportation insurance, it has to add \$50,000, making the total paid-up capital \$150,000. When it takes up marine insurance, it has to add \$25,000 more, making a total paid-up capital of \$175,000. Before it has been in business for five years, it has to add \$175,000 more, making a total paid-up capital of \$350,000. I admit that this is a comparatively small amount. If we are spared to meet again at another session of Parliament, on the first Bill of this character that comes up before the Banking and Commerce Committee we shall carefully consider whether that sum ought not to be greater."