

PROBLEM OF POLICY LOANS IS SERIOUS

Life Insurance Men Discuss Ways and Means to Induce the Policyholder to Keep Down His Borrowing.

An interesting discussion was heard at the life underwriters convention on the question of loans on the life insurance policy. Mr. Mills, of Kingston, Ontario, suggested that when a policyholder applied for a loan he should be granted it only in instalments. It might tend to keep his loan to a smaller amount than at first intended.

This would not do, thought Mr. Burrows, of Belleville, as when a man wanted a loan he wanted the amount asked and in one sum.

Mr. George Williams, Montreal, thought that the solution of the problem was with the field man. The manager should deal personally with the policyholder making an application for a loan. They should be persuaded not to borrow, and if they must, to borrow only the minimum amount. This should assist to reduce the number and size of loans. Mr. Williams quoted an article in a recent issue of *The Monetary Times* showing the good effect of the manager's personal touch with the policyholder in this way.

Suggests Higher Interest Rates.

Mr. Reeve, of London, Ontario, suggested that rates of interest on insurance loans should be raised to seven per cent. If a man borrows a considerable amount, he should be asked to take another policy to cover the amount borrowed. Letters should be periodically written to borrowers asking them to reduce their loans.

Mr. A. N. Mitchell, general manager of the Federal Life Insurance Company, said the policy loan situation was bad in Canada. Loans on policies were increasing to the detriment both of the companies and of the policyholders. Interest rates could not be increased, he thought. A rate could not be set for New Brunswick that would operate equally well in Calgary. Neither could the loans be paid in instalments.

Talk Plainly to Policyholder.

There was only one way, he thought, of meeting the evil. "We have got to tell the policyholder," said Mr. Mitchell, "that unless he is in absolute need and that unless there is no doubt whatever that he has to borrow on his policy, he is wrong." In many cases, he continued, the borrower uses the money for a purpose which will endanger rather than assist the future of his family. Insurance was to assist rather than to endanger the family. In many cases the borrower speculates with his loan. The companies should get policy loans down to a legitimate minimum. The tremendous lapse through overborrowing on policies should be prevented.

AGENTS WHO ARE A MENACE

Discussing life insurance agents who are a menace to the business, Mr. V. Reeve, London, said that the Life Underwriters' Association came into being because of such agents. The "rounder" takes a contract with a company, rushes in a lot of business, makes a record, no matter how, and then goes on to another company. His methods were a menace. The best way to do away with that and other bad types was to adopt the plan existing in Michigan, the licensing of every man who solicits life insurance. Over 159 agents were driven out of that State last year as a consequence. (A Voice—"Some of them come to Canada.")

Mr. Adams, Hamilton, thought that the "twister" was the worst menace in the business and did the most damage. Everything should be done to eliminate him.

PENSIONS FOR LIFE INSURANCE AGENTS

A brisk discussion occurred on pensions for life insurance agents. Mr. Burrows, Belleville, led it, stating that he thought agents were entitled at least to renewal interest for life. Mr. J. A. Tory, Toronto, did not want the Life Underwriters' Association to fight the Life Officers' Association on this matter, but, rather, to work with them. Pensions could not be obtained through the association. The agents would have to confer with the individual companies, many of whom were already planning annuity or pension schemes for their men. Mr. Vivian Reeve, London, agreed, as also did Mr. John R. Reid, Ottawa.

Mr. T. J. Parkes, Sherbrooke, wanted to know whether the agents were prepared to sacrifice part of their commissions now in order to obtain pensions later, several delegates replying in the affirmative, and others indicating that was a detail to be considered after the broad principle had been decided.

Mr. Reid, of the head office, London Life Assurance Company, thought no harm could come of a general resolution from the association approving the principle. Mr. Johnston, Calgary, did not see why the agents should be in fear of the Life Officers' Association. Without the agents there would be no such officers' association. Mr. Lewis and others spoke briefly.

Finally a resolution, proposed by Mr. Andrews, Winnipeg, was passed favoring a pension scheme for agents, and a copy will be sent to the head office of every life insurance company doing business in Canada.

IDEALS IN LIFE INSURANCE WORK

One of Them is Steady Production—How to Stimulate It.

"Steady production is an ideal to be attained in life insurance work," said Mr. A. S. Wickware, of Ottawa, in a vigorous address, "but first one has to get the producer. It is realized more and more as time passes that men of large capacity for work and ability to do business, are required. Is it not a fact that many failures in life insurance work are brought about by lack of training? Each man has his own individuality. He must do his work in his own way under proper guidance. Is the ideal—steady production—sufficiently encouraged? Train him while young to be a steady producer, and it will become a habit as he grows older in the work. One of the difficulties in securing men of proper calibre for the work is the argument: 'When I get old and cease to be a producer a young man will be put in my place, and I am out.' Many of our companies have provided liberally for the old members of their staff, but why should a man not have some pension coming to him as his right? Not as a gratuity. I believe if some pension scheme could be evolved along the line of steady production it would give a great stimulus to the work."

Production Per Month.

"I do not mean by steady production, a production per annum, but a production per month. When training men for the work if special inducements could be given for a monthly production along the line of a pension scheme, I believe good results would follow. It would keep the work constantly before the agent, and a better class of business would be secured. Again, the minimum per month should be low. Constant application month by month, in my opinion, would produce a large volume in several months of the year."

"Another stimulus to steady production is in the policyholders. Do not get too intimate with them. It is bad for business. Make sure at all times to be friendly—keep them posted from time to time about the success of your company—do not sell them fire insurance, accident insurance, real estate or stocks. It is bad for business, too. Study your client's needs at all times, and never consider the amount of your present commission. In other words, build for the future."

Two Personal Experiences.

"Ten years ago I secured an application, the premium was \$26.00, a note was taken at two months. He is a bright young fellow and has prospered. I have kept in friendly touch with him in his successes, and in the success of our company. Four years later I wrote him for a much larger amount, another note was given for the premium. Two years later I secured another application, the amount not as large as the second, premium settled in cash. Last year I wrote him again, premium \$500.00, C.O.D., and I am not done yet. Next time I anticipate bringing his insurance up to \$50,000."

"A year and a half ago a stranger was introduced to me by a friend of mine. The stranger asked a favor, which was at once granted as it was in order. He was grateful for the favor, and suggested that as he was about to be married he would give me an application for \$2,000 and more later. Later he gave me an application for \$3,000. I keep in close touch with him. We are friendly but do not overstep the bounds of friendship. Through his introduction to different persons since the first of this year I have secured five applications—two for \$2,000 each, two for \$1,500 each and one for \$3,000."

Art of Selling Life Insurance.

"Let me quote a successful insurance salesman. 'The whole secret of keeping busy in life insurance salesmanship,' he says, 'is in keeping your endless chain plan constantly in operation, like a chain conveyor, supplying you with prospects. Try it on the men who turn you down just as well as those who give you applications, and you will never have a working hour in the day without an appointment of some sort to keep you on the move. And moving, hustling, seeing people and talking insurance will bring in a steady stream of applications as surely as the sun rises and sets.'"

MOST DIFFICULT RISKS SECURED

A brief discussion on difficult risks was held. Captain Manley told of a visit he made 19 years ago to a boat at Halifax. He talked life insurance to the captain and other officers. He tried to fill in the application form for the captain, but the ink froze as it came out of the pen. Another man, presumably a life agent, was sitting aboard, but said little. It became a duel of wits and after an all day fight the captain signed the dotted line, so did the second officer, despite the fact that the other agent had tried to switch them to his company.

Mr. F. T. Stanford, Toronto, related an experience in canvassing with a carriage maker, who carried \$1,000 insurance, and who was married, 35 years of age, and had a family. He tried to get him to increase the amount to \$5,000. The prospect answered all the questions, but obstinately refused to sign the application. Mr. Stanford got another agent on the job, who shamed the prospect because he carried so little insurance under the circumstances. He took the \$5,000. So the most difficult risk he (Mr. Stanford) had secured, was secured by another man.