

LAPSE AND "NOT TAKEN" WASTE IN CANADIAN LIFE INSURANCE.

In common with the loans on policies exhibit, there was a considerable improvement last year in the percentage of wastage through lapses and "not taken" policies of the life companies operating in the Canadian field. For all the companies transacting ordinary business, the percentage of lapses and "not taken" policies to policies issued was 34.1 compared with 42.4 per cent. in 1915. Similarly, for the industrial business, the all-over average of lapses was 50.4 per cent. against 76.4 per cent. in 1915. However, the improvement represented by these percentages is mainly in lapses; the change in regard to "not taken" is not pronounced, as the subjoined table shows. In the aggregate, thousands of dollars annually are being wasted through these "not taken" policies, either as a result of defects in salesmanship or for other reasons, and it still remains one of the mysteries of life insurance why the companies should be allowed to take credit in their advertising for "policies issued," a meaningless and misleading phrase, which doubtless is only used because its figures are larger—sometimes very much larger—than those of "policies new and taken up" or paid for, which are the only accurate measure of a company's new business.

THE DETAILED FIGURES.

The details presented in the subjoined table suggest that the American companies transacting business in Canada have attained a higher degree of efficiency in regard to waste prevention than either the Canadian or the British companies. Their combined lapse and "not taken" ratio on ordinary business was down last year to 28.5 per cent., compared with 34.5 in 1915. There was a notable improvement also in these companies' industrial lapse rate, which is down to 49.0 per cent., against 77.2 in 1915. The Canadian companies also did well, reducing the waste ratio on ordinary business to 35.9 per cent. from 43.5 and on industrial business from 68.3 to 55.5. The figures of the British and colonial companies are not quite complete

owing to one company not having sent in its figures in time for publication in the preliminary blue-book. But the details available show that with these companies also, 1916 was a much better year in this respect than the preceding one.

REVIVALS.

The statistics of old policies revived last year are also fairly satisfactory reading. The Canadian companies revived old policies of \$4,733,700 compared with \$4,556,696 in the preceding twelve months. Again, however, over 25 per cent. of the total was contributed by one company. If some of the other institutions would put half the energy into revivals which this particular company displays, a considerable amount more of business than at present could probably be replaced on the companies' books. The American companies revived \$7,781,787 against \$10,971,451, the falling-off being accounted for by a decrease in industrial revivals, which would naturally follow the marked decrease in the lapse ratio of this business. The British companies' figures (incomplete) show revivals of \$176,674 against \$324,273.

It is clear, of course, that this improved position of affairs in regard to waste in the life business, is mainly due to the prosperity enjoyed by large sections of the community last year—to general ability to meet insurance obligations previously entered into. The figures of the industrial business alone are an index to a remarkable improvement in the circumstances of the wage-earning classes last year. However, it remains true that the dimensions of the waste ratio are within the power of the companies to control, through the improvement of salesmanship methods and the companies' refusal to yield to what was once described by an insurance official as "an insane desire for rapid expansion in the volume of business." Within the last year or two, this subject has been discussed very diligently. The next period of industrial depression in Canada will furnish an interesting test of the extent to which discussion has led to practical action, or whether the companies are content to let things take their own course.

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1916 (Compiled by The Chronicle).

1915

	1	2	3	4	5	1	2	3	4	5
	New Policies Issued	Lapses	Not Taken	Total of Lapses and Not Taken	Proportion of col. 4 to col. 1	New Policies Issued	Lapses	Not Taken	Total of Lapses and Not Taken	Proportion of col. 4 to col. 1
	\$	\$	\$	\$	p.c.	\$	\$	\$	\$	p.c.
Canadian Companies										
Ordinary	151,699,433	41,161,470	13,215,211	54,376,681	35.9	161,672,242	55,706,446	14,538,130	70,244,576	43.5
Canadian Companies, Industrial	6,705,100	3,721,876	2,388	3,724,264	55.5	6,146,605	4,196,868	994	4,197,862	68.3
British and Colonial Companies, Ordinary	4,445,369	1,488,494	270,271	1,758,765	39.6	5,282,970	3,292,369	543,108	3,835,477	72.6
British and Colonial Companies, Industrial	617,987	434,520	....	434,520	70.3	746,168	769,697	....	769,697	103.2
American Companies, Ordinary	52,691,093	10,803,319	4,207,368	15,010,687	28.5	55,571,017	14,505,453	4,693,024	19,198,477	34.5
American Companies, Industrial	33,228,811	16,281,957	....	16,281,957	49.0	36,593,985	28,265,903	....	28,265,903	77.2
Totals and Average, Ordinary	208,835,895	53,453,283	17,692,850	71,146,133	34.1	222,526,229	73,504,268	19,774,262	93,278,530	42.4
Totals and Average, Industrial	40,551,898	20,438,353	2,388	20,440,741	50.4	43,486,758	33,232,468	994	33,233,462	76.4

NOTE:—Canadian business includes that of the Ancient Order of Foresters and of the Royal Guardians, and in both 1916 and 1915, also, includes a certain amount of re-insurance of existing policies. The Federal Life's business, re-insured in 1915 was \$27,754,026, and the Prudential Life's in 1916, \$4,153,195. The figures of the British and Colonial Companies for 1916 are not quite complete.