MUST IMPROVE LIFE INSURANCE SALESMANSHIP

Also Increase Percentage of Persistent Business—So Said Mr. J. F. Weston.

In an excellent address, Mr. J. F. Weston, general manager, Imperial Life Assurance Company, stated a great deal of work remained to be done both by the Life Underwriters' Association and the Life Officers' Association. This would have to be performed jointly.

"In objecting to departmental interference," said Mr. Weston, "we practically assumed responsibility for the enforcement of the act in so far as it sets penalties against the commission of certain recognized offences. While we assumed these responsibilities, the department had laid upon it fuller inquisitorial duties, so that their reports now contain complete information as to the results of our transactions.

"This places us here in Canada, with our reasonable measure of freedom, in competition with companies which work under the laws of other states where the limitations we objected to apply. The public is interested in the results, and the latitude we will be allowed in the future depends largely upon the efficiency of our present work."

Keep Out Bad Agents.

Regarding the great necessity of good character in agents, the speaker said:—

"You, as field men, in the prosecution of your work, cover the recruiting ground from which new agents are to be drawn, and you are in a far better position than your head offices to select and develop them. The better you discharge your duties in this respect, and the nearer you come to supplying the demand of your companies for new men by furnishing them with men of character and efficiency, who are capable of doing business on business lines, the less liable you are to have thrust amongst you the outcasts of other countries trained in fraud and the methods which brought discredit upon our business there and limitations on the actions of honest men. Limitations under which these nefarious tricksters were starved like rats in times of famine, and they drag their pestilential influences across our borders and threaten our freedom and good repute.

"They come by scores to our cities. The other day one of these landed in Victoria—he had been operating in Oregon, but complained that the bankers there had got into the game and charged them 25 per cent. for discounting their notes. If we would give him two hundred dollars to start and allow a certain brokerage commission, he would write us $1,000,000 in Canada. I do not know to what extent these undesirables have found employment here. I do know they have been seeking it, for I have had many of them call on me. I have even had them suggest that they would come to us if we would add certain clauses to our policies which they held were all-important as selling points, but which, so far as I could see, served no purpose, unless their ambiguous wording might give an impression of value which was not guaranteed. They are not always so easy to detect in their method of approach.

Head Office Does Not Want Them.

"I know that no head office wants them. We will welcome here in Canada any honest man of any race or nationality. We need them all in our business, but we do not want fraudulent or trick salesmen. There is in this country a great and growing demand for honest insurance to be honestly sold, and the duty of your association is to insist on honest practice, while at the same time you train men to efficiency in sufficient numbers to enable your companies to cope with the great opportunities which are expanding before them to-day.

"Consider the magnitude of our business as expressed by the combined assets of our companies, and you will find it is larger than any single one of the great industries which serve as a basis of our financial and commercial prosperity. We do not create wealth, but our system enables the individual to secure his hold on the wealth of the community, protecting the interests for which he is responsible and projecting the value of his existence beyond the limit of human life. It gives us a tremendously strong hold upon all classes of our citizenship, but we have no right to appeal to all that is finest and best in a man without also doing, each of us, our part to make and to keep conditions in our business such that we will not abuse the trust reposed in us.

Must Improve Salesmanship.

"At the moment there is no more practical issue than that of improving the methods of salesmanship and increasing the percentage of persistent business and by so doing relieve the persistent insurer of the cost of the waste resulting from our present methods. On the other hand, there are agencies of all our companies which really do business by carrying their transactions to a business conclusion by paying for the risk they place upon their companies. I see before me several men who I know for years have been large producers. They have used such latitude as their companies allowed, and have collected almost every item that fell due from year to year. With such men, not-takens are almost unknown and lapses very few. Now, the benefit of the work of these men is largely cancelled by the operations of the other class, and it is a responsibility resting on you field men to improve the general practice, and you can do much in that direction."

LEGITIMATE BUSINESS MEN ARE UNDER-INSURED

But Speculators Possibly Carry Too Much Insurance—Mr. D. E. Kilgour Sounds Warning Notes.

During the past few years there have been many business distractions which have made it difficult for life insurance companies to add to their agency forces as extensively as they should have done in order to be in line with the general business prosperity and be prepared for the consequent increasing business possibilities, said Mr. D. E. Kilgour, Toronto. Notably among these distractions has been the call for real estate agents. This has been an entirely abnormal condition of affairs, but it is obvious that in future we shall not have such severe competition from this source, at least, and that we will be able to welcome into our midst not only many men who have been lured away from our field forces, but others who are now free to enter our ranks. Unlike many forms of real estate agency work, the work of a life insurance agent is productive and legitimate. The call of our country to-day is for producers, and I know of no man who in the best sense of the word and on the most rigid economic grounds has a better claim to the term producer than the life insurance field man.

Need for the Part-Time Agent.

There is a variety of opinions on the subject of the part-time agent, but for my own part I believe that we must be slow in doing away with the services of part-time agents. Our one aim should be to place the life insurance business upon as stable and truly economic a basis as possible. Localities of limited population, as you know, make it impossible for a man engaged solely in the life insurance business to earn a proper competence. In these places, as well as elsewhere, we must continue to find it profitable to employ part-time men. There will continue to be a constant and increasing demand for the entire services of life insurance underwriters who by virtue of their devotion to the business become experts and leaders in the calling. Sometimes I think that in the equation of life we introduce too often the personal factor to the neglect of other factors, all of which are interdependent and correlative. We must all remember that what is best for the life insurance business as a whole is best for us who are engaged in the work.

Some Are Overinsured.

The past few years have been marked by big advances in new business. It has occurred to me that possibly a good deal of this new business has not been entirely of a satisfactory kind. I have every reason to believe that there has been an undoubtedly large proportion of the business coming from men engaged in transitory and unstable occupations. The men engaged in legitimate business—the professional men, the artisans—are still lamentably underinsured, but the sub-dividers, the speculators, and generally speaking, men of ephemeral wealth are, I think, in many cases, insuring to a greater extent than they have a legitimate right to do. Legally speaking, every man has an unlimited insurable interest in his own life. Though this may be true, I am firmly convinced that there is a large element of moral hazard in connection with big insurances of this nature, an opinion justified by the mortality experience based on amounts-at-risk. There is, comparatively speaking, the same relation between the amount of insurance a man has a right to carry and the capitalized value of his earning power as exists between the fire insurance carried on a building and the value of the building itself. Nor should we overlook the almost inevitable tendency of this class of business to discontinue.

On the general question of selection of risks, differences frequently arise between head office and the agents. I think, however, I can speak honestly for the head office when I say that it invariably endeavors to deal with the risks justly and equitably.

Companies May Aim Too High.

In connection with life insurance investments, there has been during the past few years an undoubted tendency to place an increasing proportion of the funds in the high interest-bearing securities, notably mortgage loans. Should we not recall that at one time this form of investment proved neither too safe nor too profitable, and is it not possible that competition will carry the companies too far in the direction of high interest-earning securities? After all, trusteeship is the underlying principle of our business, and to the extent that we depart from this we are pursuing an unwise and unsafe course.

Policy loans, as might be expected, have been largely on the increase. One of the chief advantages of a life insurance policy is the fact that it is in a sense a reserve account. Banks hold gold or government bonds for reserve purposes. From a financial point of view a reserve of this kind is absolutely necessary. The Bank of England never allows its reserve of gold to fall below a certain percentage of its liabilities. Is there any better form of reserve for an individual than a life insurance policy? It affords protection to his estate; it provides an increasing and ever-available fund for himself in time of commercial need; but it is poor business policy on the part of the individual to draw too much on his reserve, and this is what is happening at the present time. Nor can we overlook the fact that a heavily indebted policy in most cases means a lost policy to the company. What suggestions have the field men for improving the business in this respect?