

INSURANCE SALESMEN AND LAPSES

Agent Should Understand Contracts and Fit the Prospect With Proper Policy

Addressing the Toronto Insurance Institute, Mr. B. W. N. Grigg, B.A., of the Mutual Life Assurance Company of Canada, indicated four faults in salesmanship that result in lapses as follows:—

(a) Misfits.—In issuing the policy in the first place, the agent and the company should endeavor to assure themselves that the prospect is not assuming obligations which he cannot discharge. The result is that the business lapses or is not taken, and, in the aggregate those losses arise of which we spoke. The prospect should not only be able to carry the policy, but it should be of such a nature as particularly to meet his needs. Many a policy fails to "stick" because the assured finds that it is not adapted to his circumstances. Term policies are peculiarly subject to lapse because they are of brief duration in any case. Term policies should not be sold if it is possible to place any other plan. They are useful only to tide over an emergency.

Meeting Client's Need.

Life policies are useful where dependants are numerous and means moderate; limited payment policies may replace straight life contracts where means are more ample or where the amount of protection is not the first consideration. Short-term endowments are for those who wish to accumulate money but cannot get the habit. Long-term endowments are desirable where protection is needed while the family grows up and where the assured desires the benefit to revert to himself when the beneficiaries have become self-supporting. In many ways it is possible to show good or poor judgment in recommending a plan. If the policy is a misfit it will not be likely to "stick." If it meets the need of the client it will probably be kept in force. The agent has here a serious responsibility, and can prevent many lapses by good judgment in placing the insurance.

Over-Insurance Not Good.

(b) Over-Insurance.—Another source of lapse is over-insurance. Men who realize the value of life insurance are sometimes tempted to take more than they are justified in assuming. We know men who are land-poor; so men can be insured-poor. Every man who can insure should insure, but only in proportion to his means. There is a limit to a man's obligation in this respect. It is desirable to protect one's family, but the husband or father has no right to impoverish his own life in order to guarantee indefinitely the comfort of the members of his family who may survive him. No man is bound to assume the role of a providence over his descendants. Let him take such an amount as he can carry without denying himself the decencies of life. After all, it is just as likely that he will survive his wife as that his wife will survive him. This consideration in itself cuts the obligation in half, so far as the wife is concerned. Let, at least, sufficient be taken to tide over the evil days that would immediately follow the death of the wage-earner and as much more as is consistent with the assured's position.

Reasoning is in Fault.

A reasonable sacrifice will do this. Few, if any, can afford such an amount as will leave the family as comfortable as they were during the husband's lifetime. It is a common argument that one should insure his life for such a sum as laid out at 6 or 7 per cent. will reproduce the assured's income. This reasoning is absurd, and should never be employed. Just apply it in the case of a man earning \$1,200 per annum. Life insurance is not intended entirely to replace the husband's earning power, but only to ameliorate as far as possible the distress that his death would occasion. Over-insurance is not good; it is an evil, and its logical result is lapse or surrender.

(c) Ignorance.—Many policies lapse because the policyholder did not understand its terms and conditions sufficiently to appreciate the value of the contract. The better he understands his policy, the greater will be his desire to hold it. Every agent should make it a rule to read over the contract with his client when making delivery. If he misunderstands the agreement the assured may develop discontent. Let there be no misapprehension: there will be no dissatisfaction.

(d) Not "Keeping in Touch."—After the initial premium is paid every effort should be made to sustain the interest of the client in the contract. Most men need continually to be reminded of the value of their protection and of the wisdom of keeping it in force. The agent should keep in touch with the assured, ever maintaining cordial relations with him. If this is done, far from losing the business, the agent is likely not only to have it renewed, but also to receive successive applications, as the assured's improving circumstances make them possible. If personal calls on the assured are not practicable, the same end may be attained by correspondence or by mailing interesting literature on the subject of insurance and its benefits. If his company publishes a company paper the assured should be put on the mailing list for two or three years at least until his loyalty is confirmed. In fact, this is one of the principal uses of a company paper to maintain interest until the policy becomes too valuable to be forfeited.

BUREAU OF INDUSTRIAL RESEARCH

The Royal Canadian Institute has formed a "bureau of scientific and industrial research and school of specific industries. This bureau is modelled on the Mellon Institute at Pittsburg, and is already in operation and meeting, through its secretary, such persons and corporations as should or may require to have its aid," said President F. Arnoldi, K.C., in his presidential address. The investigations which the bureau may be called upon or be employed to make it will place in the most efficient hands to be found for the particular purpose in view at one of the universities under such conditions as may be necessary. In particular cases it may be necessary for the bureau itself to make the research, for which means will in this particular case have to be provided by endowment by the applicant for the research.

Seek Funds for Organization.

The conditions of research will in each case be the subject of an agreement with the applicant similar to that form of agreement ratified by use at the Mellon Institute. The members and the public are to be asked to provide the means which are required, to the amount of about \$10,000, which will set the work going satisfactorily, and enable us during the first year to provide for the future. A committee has been formed for the purpose of collecting the means required, consisting of the following governors of the bureau, i.e., Prof. J. C. McLennan, Frank Arnoldi, J. B. Tyrrell, Dr. Field, W. B. Tindall, Prof. A. B. Macallum, and the secretary-treasurer, F. M. Turner.

The commercial world and its industries necessarily require the advantage of scientific and industrial research as the universities give it for educational purposes and the advancement of the public interests in every way. A general scheme for scientific and industrial research utilizing the universities, a government commission backing up the universities may well be called upon to undertake. Into this field the work of the bureau will largely extend, but the commercial world and its industries require in addition something of a different kind. The individual factors, the corporations, the partnerships, the individuals carrying on manufactures and enterprises require scientific and industrial research in their individual spheres and for their individual benefit.

Universities to Assist.

This work to a large extent the universities may find means to do. The selection of the best instrumentality, whether in a university or in the bureau itself, or otherwise, for any particular investigation contemplated, necessarily calls for a competent body, capable and organized, to put forth the necessary propaganda and to provide a selecting body with machinery adapted for the negotiation with the applicant, the proper choice of the investigator, and the making of the agreement for a fellowship, or other form of endowment of the investigation between the applicant on the one hand and the proposed investigator on the other. It is self-evident that the instructional functions of the universities and their trust for the general public prevent their taking upon them these functions of the bureau of scientific and industrial research, which, however, in its investigations, will necessarily depend largely upon and ask for the assistance of the universities wherever it is available.