

## "ENTERPRISE" AND THE WASTE RATIO.

There are few departments of business activity in which judicious enterprise is not a qualification for success, and in life insurance it may be almost said to be a primary *sine qua non*. The fact that the insurance agent is the vendor of a "commodity," which, while a necessity to the average man, is in the majority of instances not freely recognised by him as such, makes it incumbent upon the agent to develop his bump of enterprise in methods of approach and of argument, if he is to achieve a successful record in his business and earn a living. The companies have long since recognised this necessity and a considerable proportion of their literature is devoted to the development of the power of enterprise on the part of the agent so that he may become a more valuable servant of his company. In this fashion undoubtedly a valuable service is performed both to the companies and to the community, through the extension of the protection and of the benefits of life insurance. But to some of us with old-fashioned ideas it seems that the companies, in their anxiety to develop the bump of enterprise in their agents are over-stepping the mark so that what judiciously used is an invaluable business quality becomes nothing less than a method of wasting money, time and energy.

Proof of this over-development is seen in the constant approval given in the company papers and the insurance press largely to what is nothing less than legitimate enterprise developed into foolish freakishness. A week or two ago there was circulated all through the insurance press the story of an agent on the Pacific Coast, who, having been invited as a guest to a wedding, promptly wrote at the function six policies for an aggregate of \$16,000. We mention this incident not as an extreme example of freakish enterprise, but as a recent sample of the sort of thing which is constantly being proffered in certain quarters as the acme of real enterprise on the part of the insurance agent. This particular event was hailed, of course, as a master-stroke of sagacious enterprise—and it is possible that it may turn out to have been such. But before joining in the chorus of applause that greets a spectacular performance of this kind, it may be just as well to consider calmly one or two points that come to mind.

### NEW BUSINESS AND BUSINESS IN FORCE.

The amount of new insurance which a given company writes every year is no evidence *per se* of the company's success as a business enterprise or of its value to the community. Many considerations, which need not be now gone into, would have to be taken into account in order to obtain a true verdict on those two points, but in regard to new business it may be said that its value as a

contributory to a company's success or value to the community can only be judged when taken in conjunction with the increase in business in force. If the company is to be permanently successful—reach the height of success that is possible for it—and give the maximum of service to the community, the two must grow in proper proportion. If they do not so grow, then the company is neither successful nor giving the service that it set out to give—however big every year the new business figures may be. The thing is obvious. Given two companies, A. writing \$30,000,000 new business a year and lapsing \$20,000,000; B. writing \$20,000,000 a year and only lapsing \$7,000,000, there is no doubt as to which company is relatively the more successful as a business enterprise and is rendering the more valuable service to the community—A's bigger figures notwithstanding.

### THE AGENTS' NEW BUSINESS.

Similarly with the life agent. He is not necessarily the most successful agent, doing the best by and for his business and his company who writes the largest new business every year, but he is the most successful who writes the most business that stays with his company. In a given year Agent A. writes \$200,000 new business—he gets loud applause. But within three or four years \$160,000 of that new business has lapsed. Agent B. writes \$100,000; he gets only half the applause that Agent A. gets, but within three or four years only \$40,000 has lapsed. It is obvious that Agent B. does his duty for his business and his company considerably better than Agent A—the latter's bigger figures notwithstanding.

### THE REAL VALUE OF NEW BUSINESS.

The fact is that, both in the case of the companies and their agents, the real value of the new business acquired cannot be judged for several years, and there must be a similar lapse of time to gauge the real quality of the enterprise of each. Take the case of our friend who wrote his fellow guests at a wedding. Whether that was or not a stroke of sagacious enterprise will not appear for several years. If these policies lapse within the next 12 months or two years or three years—his present enterprise is hardly a matter for applause. But if the policies persist, well and good—his action will have indeed proved a stroke of sagacious enterprise.

But which method in the long run is likely to obtain the larger proportion of the business that stays which is the business that pays—the quiet convincing argument to the prospect who only signs on the dotted line when he understands what he is obtaining or what he has to pay every year in order to obtain; or the flashy, freaky enterprise which railroads or jollies a man into signing the application without giving him a chance to consider whether he has fair prospects of being able