

you combine the interest of the management and agents and impose upon them the necessity of devising and selling those plans of insurance which contain whatever they need for expenses, and which calls for the minimum accounting to the people. This is exactly what has happened in New York under the operation of this law. Since the adoption of the Armstrong Law, there has been more of this class of insurance sold than ever before in the history of the business. This is a fact known well to the insurance men of that state, and a fact greatly regretted by the able, bright, honest men in the business who have its interest at heart. The plan which has received a great stimulus under the operation of this law is the term plan, which contains the largest percentage of loading and which calls for little reserve because of the little prospective value it contains. It is the plan which twenty or thirty years ago we had an experience of in this country. It was introduced here under the name of the Homan's plan. It was pushed aggressively by the Provident Savings, and became so popular that our companies began to write business on similar plans. That plan has worked more disastrously to the permanent interests of insurance in this country than any other ever sold by level premium companies. It had a temporary advantage but in the long run it has inflicted greater loss on the people than all other irregularities which ever crept into the business. It is this plan to which Mr. Owen referred as having been taken by the man who 28 years ago exchanged his endowment for it, and who now finds the premium such a heavy burden to carry. When it was found that this form of insurance could not be permanently profitable, although its initial loading was very large, the companies discouraged its sale by reducing the commission from 60 to 20 per cent. The same was done by most of the companies in the State of New York, and until the adoption of the Armstrong Law they were paying only 15 and 20 per cent. Immediately that law passed the commissions were advanced until today 50 and 60 per cent is being paid in order to force this insurance on the American people so as to keep up a normal production and to hold field organization together. It is for you to say whether you will force your Canadian institutions to encourage the sale of that form of insurance.

Mr. OWEN.—Do I understand you to say you are not using this kind of policy at the present time?

Mr. WESTON.—We are not selling in that form of insurance one per cent of the gross amount of insurance sold. The agent cannot sell it at a profit because he only gets from 20 to 25 per cent, but it will permit the companies granting 65 per cent, which will allow the agents to live and get their business on a cheaper plan. The encouragement is there. We have the power under that plan, and in order to keep the organization together it will be absolutely impossible to avoid encouraging that form of insurance because it is the only form on which the company can allow such commission as to keep the agency force at work. In a small country like ourselves, the scope of operation of the agents and the average amount of his production in the year must necessarily be less than it is in the larger centres of greater wealth.

Mr. OWEN.—Do you think it right to sell that kind of policy to a man who knows nothing about it?

Mr. WESTON.—I certainly think it is one of the most unprofitable forms to the insured in general that has ever been issued.

Mr. OWEN.—It should be stopped by law.

Mr. WESTON.—No, not exactly, sir, and I will tell you why—You see an agent cannot force it because he only gets a very small commission on it. But take a contractor, for instance, who has a large contract; he is going to risk all the money he possesses to complete that work, and he needs insurance, say, for five years, and wants it at a minimum cost. Insurance with him is the whole thing. He doesn't care about anything else because at the end of five years his contract will be completed and he will receive the proceeds so that his family are free from the former risk and he may lapse the policy.

Mr. OWEN.—Why not confine it to the contractor then?