

proven to be the lure which has led to lapsing. Borrowing on the security of a policy reduces the amount of protection, thereby increasing the cost of the protection. Naturally the assured finds the contract less attractive. He finds himself paying the same old premium for less protection and also paying interest on his loan. He is easily persuaded under those conditions to forfeit his policy. The company should issue warnings on this subject, and the warnings should be echoed by the agent. Only a dire extremity should justify a loan. Loans lead straight to lapses or the surrender of the policies.

RECAPITULATION.

Lapses, including many early surrenders, constitute a gigantic evil that should be abated by vigorous effort on the part of our Companies and their agents.

The causes are many. The chief are as follows:

1. Faults in salesmanship leading to
 - (a) Misfit Contracts,
 - (b) Over Insurance,
 - (c) Misunderstanding of the Contract and
 - (d) Failing to "keep in touch."
2. Failure to realize our moral obligation.
3. An insane desire for rapid expansion in the volume of business, resulting in
 - (a) Excessive 1st year Commissions,
 - (b) Drifting Agents and
 - (c) Rebating.
4. Want of money.
5. The abuse of the Loan Privilege.

The remedy has been indicated in the treatment of each case.

"NOT TAKENS."

It has been said in defence of not taken policies that it is a good thing to get a prospect's name on the application whether he pays his first premium or not. It is argued that when once his name is signed that the agent has a moral grip on his man, and if he (the agent) is adroit enough, he will be able to collect the premium. This is a slippery way to get new business, and if by clever talk the agent does collect the first premium, it is ten chances to one he will not collect the second. Thus there is an intimate connection between "not takens" and lapses. One of the biggest not taken records last year has 89 per cent. of its new business offset by lapses and "not takens"—nearly 60 per cent. by lapse alone. This is developing business by a most wasteful method, and such salesmanship should not be tolerated, leave alone encouraged. Not taken policies cost about one hundred thousand dollars yearly, the only gainer being the medical examiner. The proportion of not taken policies to new business written in 1914 ranges all the way from 6 per cent. to 38½ per cent. That a policy of rapid expansion does not necessarily involve a large proportion of not taken policies is shown by the fact that the two most aggressive business getters among Canadian companies had only about 12 per cent. of their new business offset by not taken business. The agents should be fined for not taken policies, and the fines should be enforced, not written off, as is evidently the custom in some quarters.

The staff of the Canada Life now has a troop of its own, 40 strong, in the Mississauga Horse. President H. C. Cox is honorary colonel of this regiment.

METHODS OF A STATE LIFE FUND.

A scathing report on the methods of the State life fund, originated in the State of Wisconsin several years ago, has now, following political changes in that State, been presented to the Insurance Department by Mr. L. A. Anderson, actuary of the department. The facts cited should certainly be borne in mind by life insurance men. Mr. Anderson states that salaried officers who secured applications did not turn the fees into the State treasury, as the law requires, but that he is informed that they generally rebated them to the assured. He says the income of the life fund and the general funds of the State were so mixed that it is impossible to calculate the interest earnings of the life fund accurately. The growth of the life fund is found to have been very slow. Mr. Anderson states that the interest earned on life fund assets was approximately 2 1-4 per cent., not enough to meet reserve requirements. Improper calculation of reserves in annual statements, he says, led to the payment of dividends in 1914 larger than the fund had earned. He holds that a circular comparing net costs in the fund and in private companies is a misrepresentation and should be withdrawn.

The cost of new business in the first six months of 1915, Mr. Anderson states, was 53 per cent. in excess of the loadings; the methods and practices are crude and impractical as well as expensive; the book-keeping system is such that it is virtually impossible to draw off a financial statement in the usual way.

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