

CHANGES IN LIFE CONTRACTS.

An important effect of the present circumstances upon the life companies transacting business in Canada will probably be a considerable increase in the number of applications made by policyholders for change of policy. A period such as this is apt to put in a different light the obligations incurred by the holder of a policy taken out perhaps in a time of prosperity and without due thought as to the weight of the load shouldered over a comparatively long period. Undoubtedly it is a characteristic of Canadian life insurance, and one which has a considerable bearing upon the lapse ratio that much of it is taken up without sufficient thought. It is taken almost carelessly and dropped or reduced with equal equanimity, if not real lack of thought. It may be anticipated that much of this kind of business will be the ground for applications to change to less expensive policies, in cases where sufficient in premiums has been paid to make the lapsation seem desirable to be avoided. Then there will undoubtedly be a number of cases of genuine hardship, where policyholders anxious enough to retain the protection of their life insurance are yet compelled to reduce it or let it go altogether through sheer inability to find the wherewithal to keep it going. The necessity for this step may be regretted by life insurance men, but it need not be deplored in exaggerated language. Life insurance is a necessity for the average man. But a man can have too much even of a necessity. He would be a foolish poor man who strained his slender exchequer to buy two loaves of bread when one would suit his pocket better and suffice for his present needs.

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As the prestige of a company among the general public depends very largely upon its treatment of individual policyholders and the talking up it consequently receives from policyholders' friends, relatives and acquaintances, particularly in the smaller communities, so in the way in which the company meets this problem of the changing of contracts and the unavoidable scaling down of policies, it will find an opportunity for adding to its reputation for its treatment of policyholders. But while this point is kept in view as of major importance, the company will at the same time remember that it is possible to be too liberal to policyholders who are placed in this

unfortunate position, at the expense of the other policyholders. It will accordingly mingle its generosity with prudence and see that liberality to one does not result in an injustice to others. Certainly no unnecessary encouragement will be given to the practice of change of policy. Not only are time and labour involved in the change, but also the company loses either in the amount of its outstanding insurance or in its premium income, save indeed in those cases where changes are made to a higher grade of policy or to a larger amount of insurance. But it may be taken for granted that changes of that kind will be comparatively few at the moment in comparison with those changes where the process is reversed. The agent will accordingly make it his business to see that only where necessity dictates the step shall it be taken, and will do his utmost to discourage it where the sheer necessity is not apparent.

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It was pointed out in a recent paper on the principles governing changes in life insurance contracts by Mr. P. F. McLean of Toronto, that it is necessary in connection with these changes to guard against selection against the company, so that any change involving an increased risk or a lower premium for the same risk necessitates a medical examination, the cost of which should be borne by the insured. Moreover, a charge may very properly be made for the cost of preparing the new contract and other expenses incidental to the same. However, since the financial embarrassment of the policyholder is the customary reason for changes to lower-priced policies, this charge is not generally enforced by the offices. While methods of calculating the credit to be given to the policyholder for his old policy may differ in the various companies, the important point to bear in mind at such times as the present is that the tactful meeting of the needs of a necessitous policyholder with generosity tempered by prudence will have the result not only of heightening the present reputation of the company with the policyholder and those with whom he is brought into contact, but will also make the policyholder more disposed to the favorable consideration of proposals for additional insurance when he is in a position to pay for it.

THE FALL CAMPAIGN.

Despite the European War, people are still accumulating money, for which they seek a safe and reliable means of investment. No better medium for this purpose can be found than insurance. The facilities offered by the offices, comprising as they do security of capital combined with a good return upon

the amount invested, are without equal in these days, when even "first-class" securities are viewed with suspicion. The "Autumn Campaign" of 1914 should, therefore, be productive of most successful results, proving once again that insurance, by its adaptability to the needs of the moment, can rise superior to all difficulty.—*Insurance Record.*