

SURETYSHIP—A TEN TALENT BUSINESS.

(By Wm. H. Burgess, Secretary, Canadian Surety Co.)

Some little time ago another surety man inquired of me if I could recommend some one qualified to act as a special agent for his company. He wanted some one to look after claims, do agency work and generally build up the company's business. In our conversation we touched upon the subject of the qualifications of an ideal surety representative, and, as I recall it, here are some of the points suggested:—

SALESMANSHIP.

First, he should be a good salesman. I mention salesmanship first with the same thought as the party had who, when giving a recipe for a rabbit pie, said, "First catch your hare." There will be little need of the other qualifications which I shall consider, if our representative does not possess the ability to secure the signature on the dotted line of the application.

Every successful man is a salesman in some sense of the word. The minister sells his literary and oratorical ability and his power to inspire in others thought of higher and nobler things. The physician sells his medical talents or his ability as a surgeon. The merchant is admittedly a salesman, for we see his wares passed over the counter. The surety man sells service. A Toronto jobber, for example, finds it necessary to bring an action in Vancouver to recover the purchase price of a bill of goods, and is informed that he must file an undertaking to secure the costs of the defendant in the event of his being unsuccessful in the action. For a moderate consideration, the surety company is willing, in a proper case, to extend the facilities of its organization and to instruct its Vancouver representative to issue the necessary bond at the request of its client's solicitor. The premium paid is for service rendered, not risk assumed.

A high type of ability is required of the surety salesman, because he not only has to sell his service at the same price as many of his competitors, but his greatest competitor—old man Personal Security, as we call him, is giving the service gratuitously (or, at any rate claims to be, although, as a matter of fact, it frequently proves very expensive in the long run), and our salesman is confronted with the task of convincing his prospective client that it is better to pay one's way rather than to depend on charity.

Elbert Hubbard, who, at the moment, seems to be Chief Priest of salesmanship, says that "salesmanship is the scientific cultivation of good will." This is especially true of suretyship. You cannot go to a man and say, "Mr. Jones, I would like to sell you a bond as administrator to-day," for until some relative of his dies and he is appointed administrator of the estate, Jones will have no use for an administrator's bond. But you can cultivate Jones' goodwill and so impress him with the fact that your business is that of furnishing bonds that, whenever he does require one, he will immediately think of you.

Because of the fact that, except in a few of our lines, bonds are required to be given only as the special occasion calling for them arises, it will be necessary for our salesman to keep in touch with a larger number of people than he can call upon

personally. This means that resort will have to be had to the mails and circular letters; so that our salesman will also have to be more or less of a literary genius, with the special ability to write those "Letters that Win," of which we hear so much in these days.

LAWYER.

Secondly, our surety man should be a first-class lawyer. There is hardly a moment from the time that an application is received to when the risk is finally cancelled that a working knowledge of law is not highly essential.

In the first place, he must gauge the risk or hazard involved, and properly classify it, for, despite the protestation of every applicant that the bond he requires is "simply a matter of form," there is a probability of loss in every bond issued, else there would be no occasion for the giving of the obligation. And right here it might not be amiss for me to state that one of the greatest fallacies which exists in the mind of the public with regard to corporate suretyship is that there are no losses, and that the business consists wholly of collecting premiums and paying dividends.

It having been determined what the risk is, for which a covering is desired, the bond must be prepared in language which exactly measures and describes that hazard and nothing more or less. An illustration will perhaps best convey my meaning. Suppose the bond is to be given for an official who is entrusted with the custody of public funds. You may be entirely satisfied as to the integrity of the applicant and be quite willing to give a bond that he will faithfully perform the duties of his office and account for all monies and property received by him by virtue of this office—that is—you are willing to take the chance on his honesty. Many official bonds, however, contain three little words, perfectly innocent in appearance, but which have caused thousands of dollars of losses to Surety Companies. They are "and pay over" and, when included, the condition of the bond reads something like this: "that he will faithfully perform the duties of his office and account and pay over all monies received by him by virtue of his office, etc." The legal effect of these words is to change the guarantee from one against dishonesty only to an absolute insurance of the funds received. The funds, or securities, may be destroyed by fire without negligence on the part of the official, he may be sandbagged and robbed as he takes the money to deposit it in the bank, or, using the best judgment of which he is capable, he may be unfortunate enough to deposit it in a bank which fails—the result in each case is the same—he must "pay over"; for the law says that it is better that one man should suffer—even though without fault—rather than have the interests of the public jeopardized.

The forms of many bonds are prescribed by statute, the companies have their own printed forms for fidelity guarantees, but a great many bonds have to be specially drawn to meet the requirements of the case, and in such cases the value of a legal training is inestimable.

Again, Surety Companies are frequently called upon to give bonds for fiduciaries; such as administrators, guardians, etc., of very limited means and perhaps less experience in administering trusts. Such bonds could not be given without safeguards