

as to the responsibility for its continuance. The memorial to the companies, as adopted by the convention, contained the following :—

With the admitted fact that the possible revival of the practice of rebating will work untold harm to the great business of life insurance, and as the great body of faithful representatives of the business are united in their efforts to exterminate the practice, and as it only remains for the companies to add to their cordial sympathy in the movement, definite co-operation,

Therefore, be it resolved by the National Association of Life Underwriters, that the companies—who need no assurance of the loyal devotion of their agents—are earnestly requested to promptly adopt such measures as will exclude from the business all agents who may thereafter persist in the practice of rebating.

This language says in effect: We, the agents of the companies, are a unit in striving to exterminate rebating; but its effectual extermination can only be compassed by definite action on the part of the companies, which action involves measures to discharge all agents found guilty of the practice. President McCurdy takes a different view in his letter to the *Independent*. Here is what he says.—

In my judgment the remedy lies with the agents exclusively. When they seriously determine that the practice shall stop, it will stop. Companies may frown upon it, but so long as sub-agents and solicitors will secretly defy the law of the State and the wish of the companies, no power possessed by the companies can prevent them. Agents are no longer held in bondage, if they ever were. Their relation to the companies is regulated by the law of contracts, and competition is the life of trade. The creation of a better public sentiment, and sincerity of effort among representative men in the agency field, are the main factors in the problem. To its solution the local and national associations of life underwriters should be aided in every practicable way. It is for them to devise the means, if there be any.

There is no ambiguity in that. It says: Gentlemen, we, the companies, approve of your laudable efforts, and will second them as best we can, but the responsibility of reform rests with you not with us. Well, now, suppose agents and companies just accept for a while each other's estimate of the responsibility question and act upon it in parallel lines of sincere effort? It seems tolerably certain that in that desirable event the rebate craft would soon be hopelessly disabled between two converging fires. The whole of President McCurdy's letter makes unusually good reading, whatever may be thought of the sound logic of some things he says. Accordingly we here-with present liberal extracts from it. After speaking of the alleged difficulty on the part of the companies in detecting rebate offenders, and of the lack of judicial authority to deal summarily with them if detected, Mr. McCurdy says :—

Regarded as a breach of discipline, rebating differs radically from breach of contract or infraction of the elementary rules which are customary nowadays for the government of agents. In the latter case it is the violation of a clear and simple contract obligation or resultant regulation. In the former the agent regards himself as within his right if he chooses to take the risk. The old idea of an agent as the humble retainer of the company is obsolete. To day he occupies an equal footing. He coolly bargains for his business, and—we all want his business!

Mr. Homans proposes an agreement. Well, yes;

we can all agree; there is no difficulty about that; but—but—but. This is the "but" which, being interpreted, means that even if the kingdom of Heaven is at hand it is not of this world. Lest some of the reverend correspondents of the *Independent* should fall foul of my theology, I say plainly that these agreements are the veriest ropes of sand, falling asunder at the slightest tension; or nets with meshes so wide that the biggest fish escape with ease. Besides, there is a good deal of humbug lying around loose, anyway.

Under-cutting prevails in every business. Does any man of lawful age buy a twelve hundred dollar grand piano at the manufacturer's advertised price? Even the neophyte gets his music master to make the purchase and divide with him the reduction made to the trade. Do you buy your chest of tea at the retail price per pound? Large importing houses have one or more brokers who will take your order for a single chest, charged to them in account current at importer's price, and give you the benefit of the retailer's profit. The bookseller stipulates with the publishers for special rates on large orders below the regular discount and five per cent. off for cash. It is the same in dry goods, whether jobbed or retailed, and so on, practically, in every branch of trade.

Railways make freight pooling arrangements, one after the other, only to be broken at the first opportunity, and ticket scalping offices are on every business block in the large cities. But the greatest sufferers from under-cutting, or rebate, are the life insurance companies. Their premiums are fixed on contracts running for long or indefinite terms of years, and their standard of valuation is arbitrarily established by law. In their case rate cutting cuts dangerously near the bone.

But what can we do? Refuse to accept rebated business when we know it? Of course; but we never do know it. Dismiss the rebating agent when we catch him at it? By all means; but we never do catch him at it. Refuse to employ the agent who rebates? Why, certainly; but there aren't any, for we can't prove it. And so about all we can do is to imitate the ante-bellum abolitionists, and agitate—agitate—agitate.\*\*\* My own company has repeatedly pledged itself in the most positive terms to do its utmost in behalf of any feasible plan to suppress this undeniable evil, and my personal disapproval and official repudiation of it are too well known to need reiteration.

#### COMMENTS ON MR. MCCURDY'S LETTER ABOUT REBATING.

I must say that the real "wish of the companies" in the matter is to be and actually is interpreted by the provisions they do or do not make for rebating. The agent whose company pays him only a proper living and working commission knows that it is not the company's wish or expectation that he should rebate. The agent whose company pays him two or three times such a commission knows what is expected of him and does it. \* \* \*

I may be permitted to say that I am also much interested in the way in which, while declaring his personal and official disapproval of rebates, and admitting that in the case of these companies "rate cutting cuts dangerously near the bone," Mr. McCurdy nevertheless states the case in a way to look marvelously like an apology for the agent in rebating and for the companies in seeking business that way; it is within the agent's clear right if he chooses; pianos and tea and dry goods and what not are sold that way; and the agent "coolly bargains for his business and—we all want his business."

Well, there are two ways of looking at it: there are still some who think that a company should select