HOW TO PREVENT POLICY LAPSES

Companies Must Keep in Contact with Holders, and Agents Should Explain Contracts Purchased.

The lapse question has always been a problem in life insurance, and the convention indulged in a brisk discussion on the matter. How to prevent lapses? That was the question for answer. Mr. E. R. Machum, St. John, said the best way to do that was to sell life insurance to the right kind of people, while Mr. McConkey, Toronto, thought the best way was to keep in touch with the policyholders and to post them regularly regarding conditions of the company.

Mr. Stevens, Ottawa, agreed that contact with policyholders was a good thing. They should be written to and visited as often as possible. This helped not only to get new business, but also to prevent lapses.

Mr. A. H. Vipond, Montreal, was of the same opinion, and also advocated the sending of a special letter to those who looked like lapsing.

Mr. White thought that a thoroughly well understood contract was one way to prevent lapses. When a policy was placed the agent should read it over to the man, point by point, so that he would know exactly what he had got.

Something Wrong with Salesmanship.

Mr. Ruby, secretary of the Mutual Life of Canada, considered that over-persuasion by the agent was one of the chief causes of lapses. Another was that the policyholder did not always understand his contract. Confusion of plans on the part of the policyholder was more often responsible for lapses, rather than that the policy had been misrepresented by the agent. This was a great tribute to the agent.

Mr. J. F. Weston, in his address, also dealt with the question of lapses. "We all recognize," he said, "the waste resulting from not-taken policies and lapses. They are both altogether too heavy in all our companies. How are we going to lessen them? If the rules of head offices were at fault, then somewhere near the same results would occur in all agencies, but this is not the case. Here and there a large agency will year in and year out have few, if any, not-takens and very few lapses, while other agencies with similar conditions show abnormally high in both. There is clearly something wrong with the salesmanship and it is up to you to find out and correct this fault. It may be urged that head offices press for too much new business; that is no answer, for the mere sending in of applications of men not inclined or not able to pay is not business at all, and the sooner we awake to this fact, the better it will be for all concerned. There is no question in my mind that the privilege of giving long terms for the settlement of premiums has been abused to the point where the question of payment has been kept as far from the applicant's mind as possible during the canvass and treated in such a manner that it has created the impression that a note given in settlement of an insurance premium is not an obligation to the extent that it is where given in settlement of any other account. I know that this view prevails to a surprisingly large extent and the percentage of these notes which are not paid is evidence that we hold the same view. Either that, or we are forced to the humiliating conclusion that we do not possess business ability in the same degree as men engaged in other work."

Sell Suitable Contracts to Clients.

Mr. Monaghan, of Quebec, stated that he had always acted on the principle that it paid the agent and the company best to reject any person or applicant of whom he had serious doubts regarding physical or financial standing. "Eliminate these and seek at every time in your canvassing the healthy, the sober, the thrifty, and you will build up an agency where lapsing will be at a minimum, and where the business will pay agent and company in the long run.

"The business on which the second year's premium has been paid is a pretty fair criterion of non-lapsing business. I believe and I can certify that on the average my lapse is three per cent.; the average lapse on all the companies doing business in Canada averages over twelve per cent. when the second premium should be paid.

"The French people, who compose seven-eighths of my clients in Quebec, if not as quick to decide on taking out a risk as other races, are certainly more tenacious in holding on to their insurance once it is taken out.

Lapses in the West

"Out in the West the lapse is necessarily higher owing to the restless and unsettled character of many of its people. They are new settlers and not educated as eastern people on the permanent benefits of life insurance. The opportunities they have for investing their money, as well as the large alluring profits they can realize on real estate and other ventures, are not calculated to encourage the slow life-long thrift which is a necessary condition in lapse exemption.

"The best method then to prevent lapsing is in careful selection, honest dealing on behalf of the agent towards his clients, the judicious placing of the amount the insured is able to carry, or, in other words, the absence of overloading; these conditions being granted, the insured, besides, should from time to time receive suitable literature from the company in which he is insured. He has a right to be informed yearly on its financial standing, its progress and its general welfare. Finally, the company must meet the policyholders' wishes in issuing a policy and insurance literature in the language familiar to the insured. An English-speaking policyholder will not thank you if you send him a French policy and French literature; nor will a French policyholder bless you if you present him with an English policy or English literature."

DOCTORS, ETHICS AND LIFE INSURANCE

Relation of Medical Profession Should Be Strictly Professional—Candidate for Insurance Might Seek Advice from Examiner.

It seems that this is a subject which every well-informed underwriter has settled views upon, for it is only within the past year that this or a similar subject has been disposed of by the executive of our association in the negative, suggested Mr. G. J. Alexander, district manager at Richmond, Que., of the Manufacturers Life Company, in reply to the query, Should doctors assist agents in closing business? The case I refer to is one in which a Canadian life insurance company made special offers or terms to their medical examiners for assistance in closing business—i.e., they were to receive for their assistance remuneration in excess of the medical fee (and I don't think it is necessary for me to explain what would happen to the other agents who happened to have this doctor examiner for his company).

This was considered by the executive of the association as malpractice which should be eliminated from the business. The matter was taken up with the Life Officers' Association in such a manner that I understand practically all the old line companies wrote their examiners a letter to the effect that if they were examining for the company just referred to, that they could consider their appointment as examiner for them cancelled.

What better proof do we require than the record of this case in which the Canadian life insurance companies, the Life Officers' Association and the Life Underwriters' Association of Canada appear to me to say nay in no uncertain sound?

But perhaps you will say I have taken the wrong view of the question—is there not some way we could use them? From whatever angle you view the question the practice of it opens up a broad way of temptation, which will result in malpractice in the business.

Only Answer a Negative One.

The medical examiner should be an unbiased employee of the company, don't tempt him.

I know from conversation with leaders of the medical profession that they consider it derogatory to its higher aims, and to the strictly professional relationship the physician should bear towards both the candidate for insurance and the insuring company to have the examiner viewed as being pecuniarily interested in other than a strictly professional way.

A few years ago a striking example of this very subject came under notice; it was a case where a special agent of a company, and without his company's knowledge, made an arrangement with some doctors whereby they were to receive in addition to their medical fee a local agent's commission on all business secured, and I assure you the tactics employed by this combination in securing business were the worst I ever knew. I am sure no insurance company's interests could be safeguarded, nor be of first importance, under a combination such as I have just referred to.

Let the doctor then remain in his unbiased dignity. Let us as solicitors get out and hustle and secure our business by fair, square salesmanship, and then answer this question in the negative.

Personal Opinions and Experiences.

Mr. W. McBride, Winnipeg, disagreed with the previous speaker. He once wrote a man for $2,000. The medical examiner was also the family physician and he was asked to get the prospect to increase the amount to $5,000. The doctor did so, but he did not ask for commission and would not have got it if he had done so.

Mr. Lewis, superintendent of agencies, Continental Life Insurance Company, thought that one could not prevent the candidate asking the doctor's advice. Neither could one prevent the doctor assisting the company, in many cases.

Mr. A. H. Vipond, Montreal, disagreed. The doctor should not assist agents in closing business.

Mr. J. R. Reid, Ottawa, was of the same opinion.

Mr. G. Williams referred to the wholesale employment of doctors by a certain life insurance company in Quebec province. This company had over three hundred doctors as shareholders. This Mr. Williams described as a mischievous mixture.

Mr. Gaydon, Montreal, thought there was no doubt whatever that the assistance of doctors to close business was not a proper practice.