

THE CANADIAN LIFE MANAGERS' ASSOCIATION.

The above Association will hold its next meeting at Toronto on Saturday, 21st inst. Among other matters of interest which will receive the attention of members and be discussed, is the paper on "Uniform rates of premium and commission," read by Mr. J. K. Macdonald, Managing Director of the Confederation Life Association, at the meeting held in Hamilton, on the 18th February.

Mr. David Dexter, Managing Director of the Federal Life will read a paper on "Fees for Medical Examinations and the transmission of examination papers to Head Offices."

As the paper read by Mr. Macdonald dealt with subjects of great importance, we have pleasure in publishing same herewith in full. The matter of uniform rates of commission is one of general interest to the insurance fraternity, and we hope some practical suggestions will follow the discussion at Toronto. There is much to be said regarding any effort having for its object the establishment of uniform rates of commission. The men engaged in what is really a noble occupation: inducing people to make provision for old age and in saving widows and orphans from becoming chargeable to the State—frequently have to work at very high pressure in pursuit of business, and the outcome of undue competition is seen in nearly all the evils which exist in connection with what might be made a very desirable profession to numbers of men who are now deterred from joining its ranks or compelled to abandon same by reason of the devices resorted to by many of their competitors for securing business.

It will undoubtedly benefit all our life assurance companies if the evils now known to exist can be removed, and the system of rebate and the division of commissions by agents with the assured, are not the least of the difficulties with which the managers can profitably deal.

The active, earnest worker in the field of life insurance is well-worthy of all the commissions paid by the best of companies, and it is a grievous pity that the desire to increase the volume of new business should lead to the employment of an army of men ready to sacrifice part of their commissions and thus demoralize the whole business. The remedy is yet to be found, and it rests with the Life Managers' Association to discover and loyally apply it. Sometimes, we wonder if so many agents as are now employed are necessary to the proper and successful prosecution of such excellent and necessary work. To limit the number, to abolish the pernicious system of rebate, to positively prohibit any division of commission, and yet to make the rate of commission generous enough to attract the best men, would raise the business to the level of a desirable and select profession, and one worthy of the noble calling of Life Assurance.

PAPER READ BY MR. J. K. MACDONALD.

In compliance with the request expressed at the last meeting of the Association, I beg to submit the following thoughts on the subject of "Uniform Premium Rates and Uniform Commission," merely by way of introducing the subject:

FIRST, as to UNIFORM RATES.—The first question which naturally arises is—Is it possible for all the life companies to work under uniform premium rates? One might easily answer the question in the affirmative and say—Yes, it is possible. When one thinks of the elements which necessarily enter into the making of the rates, namely: the mortality experience, the cost of carrying the risk, and the necessary loading of these for safety and expenses, it at once occurs to the mind that any difficulty must arise from minor reasons rather than from an essential principle. All companies have to come to the same standard of valuation of reserves quite irrespective of the rates of premium in use by each company, and as a consequence, nearly all the companies use the actuaries' Table of Mortality with probably the same rate of interest in making their table of rates. The difference is largely in the loading, in fixing which doubtless reasons of expediency largely guide. I have to confess, however, that in looking through the rates of the different companies included in the Society with possibly a few others not in, I find in respect to some classes of policies a greater difference than I had anticipated. For example, taking 14 Canadian Companies, and one British, the Standard, and ages 25, 35, 40, 45 and 50, and making an average on the following plans: 20 Payment Life, and 20 and 10 Year Endowment, I find no great difference in the case of the Ordinary Life Premiums; the average of 11 of the companies is \$30.03. In the case of the 10 Payment Life Policies, while the average premium of all the Companies is \$55.65 per thousand, one Company's rate is \$50.60, or nearly \$5.00 less than the average. Another company's rate is \$53.62, another \$53.29, and another \$54.09. Of the other 11 companies, while there are differences, these are not great.

In the case of the 20 Payment Life, the differences are fewer and less. The average rate for the above ages is \$36.47; the lowest rate is \$34.99—a difference of \$1.48—and with the next lowest there is a difference of 90 cents. Eleven of the companies' rates are either, I may say, equal, being within a few cents or over the average.

In the case of the 20 Year Endowments, the average rate is \$49.24. The rates of ten of the Companies are above, and those of five are less than the average. The lowest rate is \$46.70, or \$2.45 below the average. In the other cases the difference runs from 53 to 75 cents.

In the case of 10 Year Endowment policies, the average rate is \$101.92. The rates of 11 of the 15 companies, exceed the average; of the remainder 4 companies, the rate of each is less than the average to the following extent: \$1.47, \$2.94, \$3.93 and \$3.98.

I think it will be self-evident that with the lower rates of interest now obtainable, these companies could not be injured by bringing up their rates to even the highest on the list.

The question will doubtless arise here. How would you propose to deal with these? My answer is level them up. Considering the facts of the times, none of the rates are too high, while I should fear that experience might prove that the exceptionally low rates mentioned are too low.

Finally, I am unable to see any good reason why