

of the entire business would show a vast improvement.

Just what adjustment of first and renewal commissions should be effected, it is very difficult to say. It is a matter requiring very careful consideration indeed, having in view the payment sufficient to really compensate the agent for his time and trouble, but above all to make it *all important to him* to secure *not* but "renewing" business.

First year's commissions are very large, but they vary in different companies beyond all reasonable expectation. They are so large in fact that not even a fifty per cent. rebate excites any particular surprise, or can be claimed, in these days of "rebating run mad," to be an unusual occurrence. Whatever the rebate may be, it is a most faithful index of the amount by which the commission exceeds the just and due proportion; and it ought to be reduced until it no longer offers an incentive for forced and unprofitable business. All the reduction that is effected in the first year's commission—or even more—should be thrown upon the aggregate of the successive renewals; so that ultimately the allowance to the agent shall be as much as—or even *more* than—is now allowed him. To effect this, renewal commissions may perhaps have to be doubled; but the companies could amply afford it, because they would then throw upon *productive* business that yields a premium income sufficient to bear it, a burden now attempted to be cast upon the first year's premium *alone*, and which in a large measure becomes a charge upon accrued surplus.

Suppose the first year's commission to be fifty per cent., and renewals to be five or seven and a half per cent. for ten years. It would be infinitely preferable to pay a level commission of fifteen per cent. throughout this term, or even during the entire existence of the policy. Furthermore, I do not hesitate to say that a level commission of seventeen and a half per cent., or even twenty per cent., paid upon every premium for the first ten years, would be infinitely preferable to a continuance of the present unprofitable system.

This course *would secure a persistent business*. The companies could far better afford to pay it, than they can now afford to pay the price it costs them to secure applications for insurance under present conditions; even if the necessities of the agents' business rendered it expedient to make them some present "advances" secured by a pledge of some part of their enlarged renewal commissions.

I, therefore, commend to the attention of practical life insurance men the consideration of these two suggested remedies for the evils that afflict us:

1st. The adoption of a level commission rate upon all the premiums of the first ten, fifteen or even twenty years; and

2nd. The sub-division of their agency fields, so as to bring a large proportion of the active workers under the direct influence of the home office, so that they may feel an absolute sense of responsibility and accountability to their companies for the *quality* of the work they do for them.

The voice of the reformer is heard proclaiming in loud and unmistakable accents the condemnation of that crime of modern life insurance known as "rebating;" and feeling the stigma that this scandal has attached to them, the life companies have essayed absurdly inefficacious remedies. These have been principally in the line of officially forbidding the practice of this evil, by a combination of the companies themselves, without any effort to convict the agents of the inherent wrongfulness of the system, or to put it out of their power to perpetuate it. No such combination of the companies, *in such a direction*, can be really effectual or absolutely corrective of the evil. *Cut right down to the very root of the trouble, and thus exterminate it from the soil that it befalls.... Make it utterly impossible for the agent to persist in it, by insisting upon such a radical (but at the same time rational) reduction of the first year's commission as will not leave him one dollar that he can afford to give away in so foolish a manner, to such manifest detriment to the quality of your business.* At the same time, give him all the encouragement possible to branch out into a new and better line of work. Increase the commission paid to him on the renewal premiums, so that he may have constantly before him the hope of building up a large renewal interest that will bid fair to become a competency for his support in old age, and act as an incentive to him to strive for *good business alone*.

If the general agent pays the sub-agents who work for him more than he receives as a first year's commission, and is enabled to do so by reason of judicious and carefully considered "advances" made to him by his company, but charged rigidly against his renewal account, the inevitable effect of that charge will be to make him extremely careful as to the character of risks brought to him, because his common sense will cause him to recognize that it is *only upon persistent and long renewing business that he can make himself whole and free from loss*.

The remedies or reforms that I suggest are absolutely within the power of the companies to inaugurate, and I believe that they are the only means that can be surely relied upon to accomplish the desired reformation, and act as an antidote to the poison that is spreading in the system of life insurance more and more each passing year.

To the life insurance companies themselves, I dare to say fearlessly, that their lapses in business are so frightful that they cannot longer afford to