

RE. THE ROYAL COMMISSION.

Regarding the report of the Royal Commission, Mr. Allen said in part:

"I am impelled to say something to you as to the investigation by Royal Commission which has had the one happy result of bringing us so close together.

"The details of the report of the Commission and the draft bill have been so fully canvassed in the insurance press that I will not allude to them. Suffice it to say that in spite of the thinly disguised and even open hostility of the daily press, you, gentlemen, went undaunted into the fight for your companies and the right, with the result that over 200,000 additional people in this country were, through your efforts, convinced of the inestimable benefits of life insurance in 1906.

"That, gentlemen, is our answer to the Royal Commission. You will supplement that answer in detail to your representatives at Ottawa at the proper time.

"On Nov. 8th, 1906, at the invitation of the Commission, your Executive Committee appeared at Ottawa.

"I propose to give you a brief statement of the resolutions, which were given by you as instructions to the committee, and will follow each with a statement as to how much or how little of their sense appears in the draft bill, now before the public.

THE REBATE JOKE.

"The first resolution dealt with 'Rebate,' as follows: 'We recommend the prohibition of rebating by legislation (both Federal and Provincial), penalizing all parties concerned, company, agent, and the policy-holder receiving the rebate.'

"In answer to this representation we find that the bill excludes all the parties that our condemnation involved, and makes 'every director and manager.... liable to a penalty of \$1,000.... One-half the penalty shall be paid to his Majesty, and the other half may be retained by the person suing.'

"While this clause may be intended as a practical joke, it looks more like a deliberate attempt to punish the innocent for the guilty, to promote collusion and to hound the respectable and responsible men of the community from the direction of the company.

AGENTS' COMMISSIONS.

"The next resolution deals with the remuneration of agents. Its preamble sets forth that present rates do not yield too much income to canvassing agents.

"The resolution itself states: 'That legislation fixing the commissions to be paid, or the salaries based on commission, is inadvisable for and is opposed to public policy, and against the Anglo-Saxon idea of sound government, and is of the nature of paternalism.'

"Well, gentlemen, if the proverbial Philadelphia lawyer could unravel the minds of the members of the Royal Commission as exhibited in the draft bill, we might attain some degree of certainty as to the meaning of clause 51 relating to the limitation of expenses. As it is, I fancy that we have, as yet, no occasion for losing sleep about this matter. While there is undoubtedly an intention to limit agency expenses, the agent who holds an ordinarily fair contract to-day can safely fold his hands in calm resignation to the provisions of clause 51.

QUALIFICATION OF AGENTS.

"The next resolution, in regard to the advisability of incorporation of the Life Underwriters' Association with a view to a reasonable qualification of agents for their vocation, was absolutely ignored by the commission. In other words, the offer of safeguarding the interests of the public by the elimination of undesirable or incompetent agents was deemed unworthy of regard.

SURPLUS ESTIMATES.

"The matter of estimates formed the subject of the next resolution. The delegates debated this very thoroughly with the result that it was resolved, 'That in the opinion of this association, conservative estimates of the probable profit results should be furnished by the companies to the agents.' I find that clause 88 of the bill reads as follows: 'No such life insurance company and no officer, director or agent thereof shall issue or circulate, or cause or permit to be issued or circulated, any estimate, illustration or statement of the dividends or share of surplus expected to be received' in respect of any policy issued by it.

"Please note carefully the wording. It would not appear contrary to this clause to issue statements of the actual results of Policy No. 9999 for \$2,000 on the 20 payment life plan, in order that the agent might innocently show his inquiring client what his company had just done for Mr. Jones, who happened to have just such a policy as he was recommending. The commission were practically told that if official estimates were banned, the condition of unofficial estimates would surely be both inevitable and worse.

DEFERRED DIVIDENDS.

"Deferred dividends were the subject of a resolution affirming the right of an intending insurer to buy whatever kind of policy he desired, whether with or without dividend, with deferred or annual dividends.

"The Commission replies to this by stating that profits shall be distributed annually. There appears to be a most unwarrantable interference with freedom of contract. There is no precedent for it outside of New York State and Russia.

"In England the annual distribution is universally condemned as unjust to the policy-holder and risky to the Company. The quinquennial, or septennial distribution is generally approved.

"Advisory Board and stock schemes were condemned by the delegates, and on this point the Commissioners were good enough to concur.

PUBLICITY NEEDED.

"Publicity was fully endorsed in the following resolution: 'That the widest publicity and information would check and cure most of the evils alleged against the life insurance business.'

"The bill devotes no less than twenty-one pages to the skeletons of various statements and schedules designed by the commission to comply with the need of publicity. If these become law, it will be a good thing for any unemployed clerical help that may be floating. That any real advantage to the insuring public can accrue from such voluminous statements is another and much more doubtful matter.

"That, gentlemen, is the position to-day on matters most closely affecting your special interests in the bill. We cannot, of course, believe that a large proportion of it will become law."