

BANK MANAGERS, INSURANCE AGENTS AND THE COMPANIES' DUTY.

The ancient and thorny problem of bank managers acting as insurance agents was brought up again in the House of Commons the other day by Mr. Carvell. The member for Carleton instanced a case of the kind that, he said, had become a "public scandal":—"The agent of one of the big chartered banks of Canada carries on a private insurance business, and practically controls the entire insurance of a very large section of the province of New Brunswick. No man can do business with, or get accommodation from, this bank unless all his insurance, or that of the corporation to which he belongs, goes to the agent of the bank. It works out in two ways. In the first place, he drives everybody else out of business; no other insurance agent can thrive in that district. He may do a little business with some of his friends, but when it comes to the big business he is driven out. In the second place, to my personal knowledge—I am speaking now from knowledge which I have obtained as solicitor—people's properties are insured for a great deal more than they could be compelled to pay premiums upon, in order, according to my contention, that this particular insurance agent may receive more commissions on premiums. This bank has control of practically all the lumber business, and that is the principal business of the community. I am speaking now with an absolute personal knowledge of what is going on. An estate which I have practically closed up, which I have been helping to manage for years—which, I am sorry to say, was not very flush financially—has paid insurance to make your head ache, if you had to help finance it, simply because we were in the hands of the bank, and the banker placed the insurance without asking our leave or anything else. We had not a word to say—we had to pay the premiums; he did not ask us to pay them, but simply took them out of our account."

DOES HEAD OFFICE KNOW?

On the face of it, this seems pretty high-handed, and if the facts are really as stated, an enquiry should, we suggest, be addressed to the head office of the Bank as to whether their official's conduct is approved. Head office is scarcely likely to countenance a Prussian policy of this sort. Several Ontario members stated that the same sort of thing was going on in their province, and the fact was recalled that, at the last revision of the Bank Act, the Banking and Commerce Committee inserted a proviso forbidding bank managers to act as insurance agents. This was subsequently struck out, on the ground mainly that the managers of some of the country branches, who do not enjoy extra large salaries, should not be deprived of the opportunity of turning an extra honest penny.

FREQUENT TEMPTATION

There can be no objection to a bank manager trying to do this. But the fact remains that the bank manager who does insurance as a side-line, is in a position of frequent temptation to exercise undue influence upon the bank's clients in the interests of his own insurance commissions. That this temptation is not always resisted is shown by the statements made above, which refer to Eastern Canada, while as regards the West, this very question of unfair pressure by bank managers who act

as insurance agents was brought up as a grievance by farmers' representatives at the conferences between financial and agricultural interests held in Winnipeg last year. The majority of the bankers' representatives then agreed, we believe, that the practise was a bad one, and that it should be stopped. If this agreement was made in the West, why not a similar agreement in the East?

COMPANIES' RESPONSIBILITY

This is not purely an agents' matter; the companies cannot escape responsibility in connection with it. A company, of course, may take the attitude that the way in which an agent gets business is his own affair, and that as long as the character of the business is satisfactory and remittances are made promptly, the company is not concerned. But this is a very short-sighted view. The goodwill and loyalty of the whole body of agents in a particular district are in the long run a greater asset than a certain volume of premiums, which may be diverted at any time. The companies are always appealing to their agents for loyalty; sometimes it is forgotten that there is a duty on the part of the companies to be loyal to their agents. The companies are much more dependent upon the agents than are the agents upon the company. Premium income is an important matter. But there are occasions when it can be paid for too dearly in a disgruntled agency force.

The solution of the vexed question of bank managers as insurance agents will come when it is approached by the companies not merely with an eye to premiums, but with a desire also of loyalty to the interests of the great body of their agents—upon whose goodwill the companies are dependent.

ESTABLISHED 1873.

The

Standard Bank

of CANADA

Head Office, TORONTO



**Business
Accounts.**

All classes
of
business
accounts
receive
careful
attention.



Montreal Branch: 136 ST. JAMES STREET

E. C. GREEN, Manager.