GOOD LIFE INSURANCE BUSINESS STAYS

Problem of Lapses Largely Solved by Careful Selection —Agents Should Never "Press" a Prospect.

Punctuated with anecdotes, quotations and Macbridisms, a dissertation on how far a man should be pressed by the life insurance agent in canvassing was given to the Ottawa convention by Mr. William McBride, of Winnipeg. Introducing his subject with some good insurance vaudeville, Mr. McBride claimed an agent was not justified under any circumstances in coercing a prospect into closing a contract. The speaker got his experience in pressing men into insurance twenty-four years ago, just after he launched into the business. "In Kenora, Ontario," said Mr. McBride, "I pressed a man into applying for a policy and squeezed out of him the premium $34.50 just after he was examined. A few days after he accused me of hypnotizing him and cheating him of $34.50, said he would never pay another premium, and that he would do all in his power to damn my business in Kenora. I handed him his $34.50 and expressed my regret at having convinced him against his will.

"A few days later I had a similar experience in Keewatin, three miles from there. I settled the matter in the same way. I then firmly resolved that I would never in any way press any man into closing an insurance deal. Ever since I have scrupulously observed that resolution.

Line of Least Resistance.

"In canvassing for insurance, we must follow the line of least resistance. Experience should teach us that the moment we begin to press a man we arouse his hostility and awaken his combativeness. To produce results we must approach a man in a calm, composed, dignified manner, and thus command his attention and win his respect. If we are not willing to wait patiently till his ideas are matured and the psychological moment is on, but begin pressing him to a conclusion, he will at once detect our overanxiety, and the vacant spaces in his cranium will soon be filled with the justifiable and firm conviction that his interests are only secondary in our minds, and that the raison de'etre of our persistence is self-aggrandizement, and he is very likely to look upon us as men possessed of unlimited impertinence. Ever keep in mind that persuasion is produced by arguments addressed to a man's nobler feelings, and that conviction is produced by arguments addressed to a man's understanding.

"The main redeeming feature in the Armstrong Insurance Bill was the one that put an end to too much high pressure business obtained south of the line, and limited the amount of new business written by any one company in one year. As a result, a more abiding kind of business was put on the books, more attention given to conserving the business in force and reinstating lapsed policies.

Effects of High Pressure.

"The effects of high pressure methods are just as conspicuous on our side of the line. A few days ago I read an article in which it was stated that in Canada alone over $500,000,000 lapsed or non-placed policies had been written off the books within the last decade. What is the principal cause of this appalling, expensive and wanton waste of insurance funds? Simply the fact that unhealthy rivalry and the high pressure systems in vogue have incited agents to press men into taking insurance before they have been sufficiently educated to see the importance of it, or before they have thoroughly understood the misfit plans sold them by agents who have thought more of their commissions than of selling a policy exactly adapted to the means, the age, the family conditions or business needs of the applicant.

"In insurance we have had too much which is the natural sequence when applicants have not been given time to read, mark, learn and inwardly digest, but have been crowded into insurance hot-houses and prematurely ripened by overanxious agents. Such a high pressure process does not produce consistent and persistent policyholders. Let the agents learn that the business that stays is the business that pays, and that the prevention of lapses is infinitely better than the restoration of them. Abandon all undue pressure of prospects, and imbue your mind with the fact that properly managed companies judge of an agent's ability not by the volume of his business, but by the stability of it.

"In earlier days, when agents had more destructive than constructive tendencies, a large percentage of lapses was caused by unscrupulous transplanting processes. Thanks to our fraternal association movement, and our developing human tendencies to co-operate for mutual protection, that is now reduced to a minimum, but still the percentage of lapses pursues from year to year the almost even tenor of its course, and with very little diminution.

Stability of Business.

"The greater the pressure brought to bear upon men, the less the stability of our business. Before being fully persuaded in their own minds, men have too often been either wheedled or pressed into taking insurance by the temptation of quarterly or half-yearly premiums being presented. Every time you write a quarterly premium you multiply by four the annual chances of a lapse. In the last four years I have not had a single non-placed policy written by myself, and in the last twenty years my own non-placed policies have not, I think, averaged over one a year. I do not say this for self-commendation, but to prove to you that my theory of never pressing a man enhances the stability of the business.

"When prospects know that a certain agent never presses, he can always get a hearing and a welcome that would not be accorded an agent who is known as a most persistent presser for new business. I have proved this theory to my own satisfaction in my own quiet way during many by-gone years when I have been in several competitions for volume of new paid business, and my colleagues in the same company know that I was never beaten except once, when I took second place. I wrote during the twelve months ended last July 1st more paid-for applications than any other agent in our company's employ. I know my own limitations and that my ability is mediocre, hence I attribute any little success I have had to my adopting a plan of never under any circumstances pressing anyone, and never being in unseemly haste to whip out an application or rush a man off to the doctor the very moment he has given an answer in the affirmative."

GREAT WORK OF LIFE INSURANCE

It Has Become One of the Greatest Financial Institutions in Canada—Address of Mr. T. B. Macaulay.

Mr. T. B. Macaulay, managing director of the Sun Life Assurance Company, delivered a striking address on the business of life insurance at the Ottawa banquet. Introduced as the friend of every man who carried the rate book, he first spoke of the great work done by the Association movement. It had lifted the profession, ennobled and cleansed it.

The first insurance company was founded in Egypt when Pharaoh took the surplus of the seven years of plenty and saved them against the seven years of famine. Insurance policies dated back to the time of Babylon.

The first permanent insurance company of the modern type was the old Amicable, founded over one hundred years ago. It passed out of existence so that it could be remodelled to suit modern conditions. Some of the difficulties experienced by that old company continued down to the present time. To-day the companies were still trying to solve the problems. Life insurance differed radically from fire and marine insurance on several points. The chance of death to life increases year by year. The fire hazard remained about the same. A fire policy could be cancelled without hardship to the holder, not so in the case of a life policy.

How to Base Premiums.

The question of premiums had been a difficult one. It was originally thought that the annual premium should increase with the age of the insured. This had been tried by the assessment and other societies but had failed badly. A man could not afford to pay say six dollars per thousand dollars of insurance the first year, increasing to eight, ten, thirty, fifty, a hundred and so on. If, then, life insurance could not be successfully given on the plan of steadily increasing premium, how could it be given? On the old line life insurance plan, was the answer. Instead of paying the increasing premium, every person paid a premium, which consisted of two parts—first, for the risk of death at the age of insurance, and second, to make up for later deficiencies in the premiums of later years.

This meant that life insurance companies had become great accumulators of funds. That was why those companies were among the greatest financial institutions of the world. Those doing business in Canada had already accumulated over $300,000,000. Unlike bank deposits, that amount could not be withdrawn. It had been invested by the companies, profitably and in a far better way than the average small policyholder could invest.

Greatest Financial Business.

Life Insurance must always be one of the foremost financial businesses. While the banks, in times of financial stringency, were putting on the brakes, the life companies were one of the most important factors in relieving the stringency by loaning money right and left. While the population of Canada had increased about twenty per cent. in the past fifteen years, the gain in insurance funds had been fifty per cent. But life insurance companies did not exist only to accumulate funds, although that was one of the necessities. They existed primarily to pay out money to widows and orphans.

Life Insurance in Force.

The life insurance in force in Canada to-day was over $1,100,000,000. That meant the companies were under obligation to pay that amount during the next generation. How many homes would that hold together? How many children would that enable to get an education who would otherwise not get it?

Mr. Macaulay's definition of life insurance was organized philanthropy, or philanthropy reduced to a business basis.

If, concluded Mr. Macaulay, a wealthy man chanced to die in a time of financial stringency, $100,000 of life insurance might save $1,000,000 of securities. It would prevent the bank pressing the estate for settlement by a sacrifice sale. Life insurance was for poor and rich alike.