

structions that loom up in the way of a complete solution. I recognize that it is too complex a subject to be discussed thoroughly within the limits of so short a paper. But I wish to point out a few of the difficulties to be overcome and to suggest a method of dealing with them.

In the first place, I repeat that a too keen competition is mainly responsible for the present magnitude of the abuse. This it is that compels the payment of so heavy a cost for new business. This is the root of the evil that has grown so widespread. Kill this root and the field of life insurance will be freed of the rank growth that is causing so much damage to the harvest. Let the aim of the companies be to popularize life insurance by reducing the cost to the public. The rates now charged are calculated to meet the present heavy initial expenses. Reduce these expenses and a proportionate reduction may be made in the premium rates. This can be accomplished only by bringing competition within healthy limits, thus avoiding the payment of excessive commissions.

Cognate with the question of a reduction of commissions and equally important in its bearing on the practice of rebating, is the method of distributing the first year's commissions over the next few succeeding years. Some companies have already taken action in this direction, but lack resolution enough to carry out the reform thoroughly. Establishing a gradually decreasing commission on the first four or five years' premiums, to be then discontinued would tend to deter the agent from rebating; would act as an incentive to him to look after renewals until the policy would take care of itself; and be an inducement to procure new business, there being no renewal commission after the fourth or fifth year.

In the second place there has been a total lack of active co-operation on the part of the companies, and of the agents. The companies should take concerted action in this matter. There was once an Anti-Rebate compact between certain of the United States companies, but it died a natural death through inefficiency. Its scope was limited, only a few companies being represented, and the co-operation of agents was not secured. Yet there is a rapport among insurance companies that makes such action feasible. They are in touch as other business institutions are not. They might agree to introduce a clause in the application and in the insurance contract, making rebating rank at least with misrepresentation of health or age. They might also agree to insert a clause in each agent's contract, forbidding anything in the nature of a rebate or allowance to the assured under penalty of a fine of the balance of the commissions, and for repeated offences a cancelling of the contract. To be efficient, any such action must be carried out by all the companies and strictly en-

forced. An agent proving intractable should be debarred from re-engagement by any company.

Even more important than any action of the companies, is that of combined action on the part of the agents. They should establish a "reform" movement, unite their forces irrespective of company; with the one great aim of destroying the practice of rebating. Such a union is not impracticable. Let them take concerted action and from associations with the object of ending conditions so directly opposed to their own interests. They might investigate the best arguments with which to meet the rabater and show him the error of his ways; besides establishing stringent rules of conduct for themselves.

It is necessary that companies and agents should see eye to eye in this matter. It is not at first to be expected that the agents will invite action which they may imagine will reduce their incomes, but we may surely hope they can be brought to recognize that their interests will be best served by that line of action which will secure to themselves full compensation for their labour. In the nature of things there could be no attempt to interfere with the legitimate reward of the agents. They are the field workers who bring in the harvest and are entitled to liberal reward. But the existence of rebating is proof enough that the commissions in vogue are excessive and is sufficient vindication for an attempt to arrive at a more equitable arrangement.

The solution of the problem is difficult, but actuaries and managers have shown such great powers of business organization and are so accustomed to dealing with complex subjects that I think they should not fail in dealing with the Rebate. For my part I do not think the evil can be successfully combatted by the use of any one weapon, but rather by a combination of the means I have indicated. Briefly to recapitulate they are as follows:—

I. A reduction of commission and a distribution of the commission over a limited number of years.

II. A combination of companies' officers to deal with the evil.

III. Concerted action among the agents to protect themselves from the Rebate.

IV. To secure legislation sufficiently drastic to be deterrent.

V. To introduce an anti-rebate clause in the agent's contract, and if legal, in the assured's application, or in the policy or in all.

VI. To issue instructions to agents as to ways of dealing with the Rabater.

VII. An honest endeavour on the part of the companies to bring competition within healthful limits, and so make reform possible.