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The Problem of Twisting.

Among the undesirable practises which came very much to the front during the period of high-pressure methods in life insurance on this continent culminating a few years ago, there is none more dishonorable than that of twisting—the inducing of those already insured in one company to drop their policies in favor of new policies in another. For a long time, the practise was denounced apparently without effect, but within recent years there has been a distinct movement looking towards the suppression of twisting and the twister. Life agents, banding themselves together in the various organisations which have made rapid progress in Canada during the last five or six years, have begun to realize that not only is a high standard of conduct on their own part necessary, but that in their own interests, they must expel the black sheep from the fold, if life agents, as a corporate body, are to obtain from the public that general recognition as professional men which they desire. Company executives have realised that twisting cuts both ways, and that it is a prolific cause of waste through lapsation. Attacked thus on both sides, the twisting evil has probably, to some extent, been effectively dealt with. But has it been stopped entirely? Is Canadian life insurance as wholly free from the twisting evil as seems sometimes to be suggested in the speeches full of lofty sentiments delivered at conventions and on other occasions when life insurance men foregather? It does not seem probable in view of what is heard from time to time regarding a continuance of the practise. The instances of it concerning which quiet gossip goes the rounds are more or less isolated, it is true. But they are sufficiently numerous to suggest a regular continuance of an underground practise which can only be denounced in the strongest terms as utterly antagonistic to the true interests of the business of life insurance.

For the continuance of this practise, both agents and companies are equally to blame. It is true that the old high-pressure methods of production have gone, probably never to return, but there remains an intense competition between the companies, such as there is probably in no other business. Accompanying this intense competition, there is on the part of many insurance men an attitude of sheer idolatry towards big figures, and especially big figures regarding new business. As if big figures *per se* have any utility at all apart from their context, except to impress the unwary! This attitude is one of the underlying causes for the fact that in Canada in 1911, there was an all-over wastage through lapses and "not taken" policies of some 30 per cent., the figure in the case of the Canadian companies' ordinary business alone being 32.67 per cent., and this apart from

changes and decreases and surrendered policies which go off the books for the same causes as those which come under the heading of lapses. That this is an unsatisfactory condition of affairs, no one is likely to deny. It makes in itself one of the strongest indictments which an unfriendly critic could frame against the present system of life insurance. It forms a confession of gross inefficiency; an indication to the world that practically one-third of the energy bestowed in Canada upon a business which makes high social claims is so much useless and misdirected effort that goes to waste.

This state of affairs has an obviously intimate relation with the continuance of the practice of twisting. It is not at all surprising that a policyholder who has been twisted from Short to Codlin by an agent who adopts questionable methods of writing, should later on decide for himself that neither is his friend and that the best thing he can do is to drop his insurance. So the lapse ratio grows and is continued from year to year, and the companies waste their resources on securing unprofitable business. It must be remembered that an agent who is remunerated on a brokerage basis, who finds that he is more appreciated for the volume of business he writes than for any profits he brings to the company, and who is subjected to a system of alternate cajolery and threats, is under a very great temptation to twist business. He is not to be excused for following such a dishonorable course, but his company is at least equally responsible with him.

The twisting of a man who has acquired an invested interest in his policy is, not to put too fine a point upon it, a fraud upon him. Is a business built up in this way likely to have lasting foundations, likely to take an honorable place in the general esteem? There is perhaps no business in the world so deserving of the confidence of the public, with such great capacities for beneficent operation, as the business of life insurance. Twisting destroys the public's confidence. The twister who by insinuation and innuendo weakens and impairs the faith of the policyholder in the policy which he holds, is working equally to impair the faith of the policyholder in all life insurance. The effects may possibly not show at once, but the seed of distrust has been sown; the harvest will be reaped later on.

There is a good deal of talk at the present time about the high ideals, the glorious aspirations, the noble philanthropic work of insurance men. Why not take this sort of stuff "as read" and get down to consideration of the practical fact that the dishonorable practise of twisting has not yet been stamped out, and that there are conditions in Canadian life insurance which encourage its continuance.