TWISTING IN LIFE INSURANCE.

Some eighteen months ago THE CHRONICLE published an article in which it was suggested that while a considerable improvement, through legislation and otherwise, has been made in Canadian life insurance during recent years, that the twisting evil has not been altogether eliminated as is sometimes suggested. We return to this subject again in view of its importance, and it being the fact also that quiet gossip goes the rounds from time to time of a continuance of the practice.

It has always been maintained by THE CHRONICLE and we continue to take the position, that for the continuance of this practice, both the agents and the companies are equally to blame. The old high pressure methods of the days before the legislative investigations of seven or eight years ago, put a premium on twisting and it could not be considered a matter of surprise if insurance agents who were none too scrupulous made a practice of it. The competitive tactics of the companies in those days and the extraordinary efforts which they made in order to excel each other in big figures of business, gave a cordial invitation and strong encouragement to the practice. Those days have gone, it is to be hoped never to return. But the competition among the companies is still intense. Probably in no other business is the competition between rivals so keen, and the idolatry of big figures has not been entirely eliminated. This fact probably accounts for the large percentage of waste by lapsation which is constantly going on in Canadian life insurance. Last year there was an all-over wastage through lapses and "not taken" policies in Canada of well over 30%, the figure of the Canadian companies' ordinary business alone being 39% and this apart from changes and decreases and surrendered policies which go off the books of the companies for the same causes as those which come under the heading of lapses.

No insurance man is likely to deny that this is an extremely unsatisfactory state of affairs. It is in fact a confession of inefficiency. It indeed shows a public which is none too much convinced of the benefits of life insurance, and is sceptical of its social claims which insurance men are now so strongly putting forward that practically one-third of the energy which is being put into it is wasted and goes for nothing.

While there is more than one cause for the high lapse ratio of Canadian life business, twisting has certainly something to do with it. The policyholder who has been twisted from one company to another, who has been assured that Codlin is his friend, and not Short, is much more likely to decide eventually that neither of them are worth bothering about than the man who has been let alone with either one or the other. Moreover, even yet some of the companies by their methods of remunerating agents, seem to put a premium on unprofitable business. It is entirely natural that an agent who is remunerated on a brokerage basis, who finds that he is more appreciated for the volume of new business he writes than for any profits he brings to the company and who is constantly urged on by a system of alternate cajolery and threats, is not likely to bother much about the quality of the business he obtains, so long as it is good enough to pass the medical examiner. If he is to blame for following such a course, the Company is equally to blame for putting it in his power and practically encouraging him to follow it.

At the various little insurance conventions and in the various company journals there is a good deal talked and written about the glorious aspirations, the magnificent social ideals and the practical philanthropic work of life insurance men. If some of the energy that is expended on this "hot air" were devoted to reconsideration of the practical hard facts of Canadian life insurance as they are at the present day, it would be better for the life insurance business in the long run. We might then get down to the point where the conditions which now really encourage the twisting of policies, would be put an end to.

THE VALUE OF CHARACTER.

One of our prominent bankers was told the following by an English Bank manager. A firm, which is now one of the wealthiest in the world in the steel business, had a hard struggle for some years, the founder being a workman whose capital had been saved out of his wages. On calling at his banker's one Saturday, hoping to get about $4,000 for wage payments, he was asked "to see the Manager,"—an ominous invitation. After a long discussion he was told firmly that no further advance could be made. As the stoppage of the firm would be a very serious event, the manager offered to accompany his customer to interview the most influential member of the Board of Directors, who was a Quaker. On arrival at his office, and the business explained, the director said: "Thou knowest we have had great trouble with thy account, and thou wilt get no more money from the bank." The visitor then left, but the customer was called back for a private word with the old Quaker, and after hearing it he joined the manager with his face beaming with delight, which was explained by his showing the director's personal cheque for $5,000, which he had advanced without any security, solely from the confidence he felt in the customer's integrity, and business and mechanical skill. His judgment proved sound, the firm from that date entered on a career of great prosperity, and always admitted that the Quaker director's generous help enabled them to turn a critical corner, failing in which would have been utter ruin. We do not ask any bank director to follow the example of Quaker Edward Smith, nor regard the manager's appeal to a director as a desirable course, save in some very grave emergency, but call the attention of young men especially to this incident as a remarkable illustration of the value of a reputation for honor, reliability and capacity. Had the enterprising steel smelter, a man of no education, had a character in the least degree doubtful in these respects, his career would have ended in insolvency on the very eve of making a vast fortune.