

## INSPECTIONS AND EFFICIENCY.

(W. S. Barnaby, of *The Spectator*, before Detroit Conference.)

In the rapid growth of any business dealing with the public at large, it is generally to be expected that the system originally adopted will not fit itself uniformly to the extension of the business. The line of human endeavor and benefit in which your companies are engaged has in the course of a decade assumed proportions which the pioneers could have scarcely anticipated even in their wildest flights of imagination. Year by year your agents are going up and down throughout the length and breadth of the land, bringing to the attention of the great masses of the industrial population the advantages which will accrue to them through small payments in the event of their being disabled by accident or illness. Accidents are always possible under modern conditions where the human factor is present, and, of course, come unexpectedly. Illness, on the other hand, often gives warning of its approach, although many times it arrives unheralded. In providing insurance against such contingencies you are engaged in a work which tends to relieve suffering, not only on the part of the insured but of the immediate family through taking off the sting of pressing poverty which such disablement often incurs.

While exact figures are not available regarding the premiums received and benefits paid in your special field, yet it is known that they mount up into the millions annually, and will undoubtedly continue to grow despite the increasing volume of workmen's compensation insurance which is now being written through the compulsory legislation of a number of the States. In reality workmen's compensation should prove a valuable ally to industrial health and accident insurance by showing the workers the benefits of being protected not only while engaged in their ordinary avocations but in their hours of leisure. This point, no doubt has been brought to the attention of your field forces, and should prove a material aid in still further increasing the already magnificent volume of your business.

During the past decade one of the greatest developments in modern business practice has been that of efficiency. On all sides one hears the call for efficiency, which properly interpreted means the utilization of every ounce of energy without wasted movements and the consequent elimination of unnecessary effort in the transaction of any business or in the performance of any particular piece of work. In the business of insurance generally it is essentially necessary that efficient methods prevail, especially in view of the close supervision exercised over it by the various State Insurance Departments and the undeniably intense competition which prevails in all branches. Other things being equal, the company with the most efficient organization, both in office and field, will in the long run be sure to forge ahead.

### DEFINITION OF INSPECTION.

A part, and a highly important part, of this system of efficiency in an insurance company is that of inspections. The Standard Dictionary defines inspection as the act or process of looking into, especially

a careful, critical investigation or scrutiny. In the light of that definition there is no business wherein careful, critical investigation is more necessary than the insurance business, which has perforce to come into close touch at numerous points with the public at large. The agent, the insured, the claimant and the examiner should all be constantly under careful, critical investigation in order that the interests of the company may be thoroughly safeguarded and that no injustice be unwittingly shown to any person. In the case of the agent, when once employed, the efficient manager sees to it that he maintains a fairly even record of production; that he makes a prompt and full accounting of his collections, and should he be authorized to settle claims that he make reasonable and satisfactory adjustments. In other words, the agent is being inspected continually when once in the service of the company. The rapid expansion of the business of industrial health and accident insurance has brought into the agency field a large number of untrained men, and has also attracted a number of men who have been connected with other lines of insurance, and from certain information which has been available from time to time it would appear that many of these latter have not proved wholly desirable acquisitions. It is apparent, therefore, that the inspection of agents should begin before the appointment is made, and to that end there should be the strictest of co-operation between the companies in reporting to a central bureau the names of all agents whose services have been discontinued with the reasons therefor. The large industrial life insurance companies have for many years co-operated in this respect, so that it is now impossible for an agent to obtain a position with one company if he cannot show a clean record from the industrial company with which he was formerly connected, no matter how many years have elapsed since that connection was severed. You have the nucleus of such a bureau through one of your committees, which it is to be hoped will be developed so as to prove the value of the inspection of agents. The character of an insurance company is judged by the character of its agents as they appeal to the public. Therefore, only squarely honest men should be employed, and the inspection service would make certain a reliable field force. An instance of the value of such inspections was cited recently, wherein an applicant for an agency gave a number of prominent business men as references. In response to requests from the company these references highly endorsed the man, but an inspection developed the fact that the applicant was actually under indictment for having stolen premiums collected by him for another company! Inspection saved the inquiring company from possibly similar losses.

### INSPECTION OF THE INSURED.

Inspection of the insured is probably as important as inspection of the agent, but as nearly as can be discovered such inspection is comparatively rare. There is unquestionably a good reason for this in the case of your companies, because of the large number of policies issued which are for comparatively small amounts. The reputation of the agent weighs for much in considering the issuance of the policies applied for, but it must be evident that a closer inspection of applicants is desirable. How this can