

tributory negligence—or worse—and it will be well for them if they recognize the signs of the times and read correctly the hand-writing on the wall, which in plain and unmistakable language proclaims that the time has come when they must inaugurate such reforms as will render their own position as safe as circumstances will permit it to be made, if it be not possible now to render it absolutely impregnable.

The utter disregard of the true relationship between first and renewal commissions renders rebating possible. If first commissions had been adjusted years ago upon a scientific, correct and business-like basis, and renewal commissions had been adjusted in correct relation thereto, on a basis that would justify the expectation of writing only good and persistent business, rebating, as an evil of the magnitude to which it has now attained, would be undreamed and unheard of. If, instead of being in the form of a very large brokerage commission, the agent's compensation had taken the form of a much smaller but continuous source of annual income, the temptation to "give it away" would be either greatly reduced or entirely removed. If to-day a proper adjustment on these lines was effected, the much needed death warrant of the rebate evil would be officially signed, sealed, and put into execution. In other words, if common-sense, practical and business-like methods had prevailed among the life companies themselves they would not now be suffering from a gigantic abuse, which is probably directly responsible for four fifths of all the undesirable and unprofitable business placed upon their books and they would be many thousands of dollars richer and safer.

Let us by all means be just and fair in this matter. We hear very little about saddling the companies with their just and proper share of the blame for rebating, while we hear a very great deal about the share of blame that ought to be visited upon the agent. I would not insinuate for one moment that the rebating agent should escape any share of the punishment he so richly deserves, but I do mean that the officers of the life companies themselves should take a great deal of the blame, and should frankly admit that (to a considerable degree) their ill adjusted method of compensating their agents is the direct and responsible cause of the evil complained of. If by their own wrong courses the life companies have established a precedent, which it is difficult or even impossible to now set aside, let them bear just condemnation to the extent to which they have contributed to the abuses which have grown out of their own errors. I do not for one moment mean that we are to palliate or condone the offences of rebating agents, but I do think that while we are punishing rebaters, we ought, if possible, to remove the temptation to future rebating, so far as it can be consistently removed without too great a derangement of the basis upon which the business of life insurance is now written.

If the basis of compensation of the soliciting agent was justly and equitably fixed with due regard to every pertinent consideration involved, it would be found that the contemptible system of rebating could no longer thrive in an utterly uncongenial soil, robbed

of the nourishment upon which it had flourished, and surrounded by conditions incompatible with its continued growth or existence. Take away from it that upon which its rank growth had hitherto fed, and it must inevitably die a natural death—unregretted by any man who is zealous for the good name and unblemished repute of life insurance. Precedent to a further consideration of this subject in future contributions thereto, I propose that we shall rationally examine into the matter, and decide whether the ill-adjusted basis of compensation allowed to the agent has been, or has not been, instrumental in calling into existence the very trouble which now so sorely besets us. Surely the consideration is one well within our province; and, so far as I can see, is not involved in any insurmountable difficulties. In the first place, I take it for granted, that we do not wish to write upon the applications of men who are not genuinely desirous of carrying their policies, if issued, unless there is a reasonable probability that the influence of the soliciting agent will be sufficient to induce such policyholders to do their duty to their families by paying the renewal premiums as they become due. In the second place, I take it for granted, that we are all agreed that non-renewing business does not pay—that it involves an actual loss of surplus justly earned by, and of right accruing to, persistent policyholders.

In the third place, I assume concurrence in the statement that rebated business is (in four cases perhaps out of every five) non-persistent, because the policyholder, having been educated into the expectation of one rebate, naturally looks for its continuance, and drifts from company to company until he has run the gauntlet of all the rebating agents he can find.

Furthermore I assume, that on all rebated business there is a noticeable degeneration of the moral tone of the risks, to the extent of rendering them undesirable, and of involving the company assuming them in a mortality in excess of that which would be experienced among classes free from this detrimental influence.

From the standpoint of the companies there is one paramount necessity that cannot be overlooked without throwing safety and every other essential consideration of the welfare of the business to the winds, and that is "good faith"—not the good faith of the agent alone, nor the good faith of the applicant alone, but the absolute good faith of both of them. Where the good faith of both the applicant and the agent, or of either of them, is lacking, no dependence whatever can be placed upon the quality of the business, and it is much more likely to involve loss than ultimate profit. It therefore becomes doubly important that every business method adopted by the companies shall take into consideration this paramount essential of good faith, without which a safe and successful business cannot be done. Dependent upon it is the moral quality and tone of the business and its continuance and persistency, each of which is an element of the utmost importance to a life insurance company. We can no longer evade responsibility in this matter, because it constitutes an unjustifiable digression from the straight