

**THE SCANDAL OF MODERN LIFE ASSURANCE.**

(No. 5.)

In previous articles dealing with the rebate evil, it has been shown that the discrimination practiced in rebating is a complete subversion of the principles of mutuality supposed to be inherent in life insurance. If absolute equity toward all the insured is desired by fair dealing and honest companies, legislation for the purpose of enabling agents to defend themselves against unfair competition ought to be unnecessary. If rebating is wrong in principle and an injury to the business of those practicing it, why have the efforts to abolish it, and thus remove the reproach and scandal of modern life assurance, proved abortive? That a most honorable profession should be sullied by such an evil custom must be a cause for regret among the many honorable managers and representatives of companies who, in private life, glory in fair play and upright dealing. Yet the evil exists to such an extent as to justify the doubts expressed as to the sincerity of those who condemn the practice, and their very failure to do anything more than to periodically pass resolutions condemning the custom warrants a belief that the greed for business is so over-mastering that they are ready to resort to a most questionable method of obtaining same.

If appeals to the directors and managers of companies are found to be futile, if compacts and mutual agreements are only made to be violated, if laws to compel fair dealing and honest practice will not prevent iniquitous discrimination, perhaps the awakening of all policy-holders to a full sense of the situation may yet bring about reform. Much has been said and written of late regarding the possibility of an increase in premium rates being made necessary by reason of the reduction of interest on investments. Once let the policy-holders become aware that the diminution of profits of companies is largely due to the increased lapses resultant from the temptations placed in the way of the insuring public in the form of rebates of first year premiums, and the outcry against the payment of extravagant commissions for new business will compel the companies to listen. Can any reputable insurance company be found bold enough to defend as right a practice which enables one policyholder to obtain his insurance upon terms manifestly more favorable than those granted to other equally desirable applicants?

The rebate evil is slowly destroying the very foundation of a business in which the whole world is interested. It is useless to suggest the abolition of a practice which the companies could stop if they were so disposed. The only remaining hope for its suppression lies in publishing far and wide, in every insurance field, in every country, the modern methods of obtaining business; to inform the insured that, if he is wide-awake, he can obtain the commission, or a large slice thereof, on the policy he is purchasing. It is true that knowledge of these facts may so arouse his

cupidity that he will offer to steer his relatives and friends to the office granting such concessions (!); and he thereby joins the army of special agents who are gradually spoiling the prospects of the trained officials of companies. Then when the regular agents of companies begin to realize that a salary and a continuity of commissions is better than the liberal rewards now bestowed for new business; when the practice of rebating is so fully exposed that it will cease to be discriminatory because granted to all alike; when the companies applied to for a policy make known their willingness to pay to the assured the commission usually allowed to an agent; when, in fact, this scandal of modern life assurance is so fully recognized as an evil that the companies and all concerned are compelled to unite for the purpose of abolishing the pernicious practice—there will be some chance of elevating the business of life assurance to the very honorable profession so many good men are striving to make it.

**"A GROSS EVIL."**

In the "Editorial Notes" of *The Searchlight*, an excellent new insurance journal, published in that home of newspaperdom, Fleet Street, London, we find the following reference to a practice not unknown in Canada:—

"A correspondence has been going on for some weeks in the columns of the *Post Magazine* on the subject of 'Agents' Terms to the Insured.' We have always been surprised that any respectable Office should, for the sake of obtaining business, allow the insured commission on his own policy, when the insured is not a regularly appointed agent, and has no intention of acting as one. But one Company does it, and another follows suit, until it is not too much to say that at the present time this gross evil is steadily sapping the foundations of the whole agency system. The practice more particularly hurts the agent working on commission, and is common to both fire and life business. Whatever the offending Companies may think, they are, by this practice, taking the bread out of the mouths of their own proper servants—and how, under these circumstances, they can expect to retain the loyalty of their agents, we do not pretend to inquire.

"The evil has been going on for years, and although both complaints and suggested remedies have been numerous, is more pronounced to-day than ever. For our part, we believe there is only one remedy—that of prompt exposure of each case as soon as it is known. The Companies are all virtuous in theory, whatever they may be in practice, and would by no means appreciate the publication of details of any case in which they had given agents' terms to the insured. When an individual Company is pinned down to an individual case, it is no good for it to take refuge in generalities. But while agents are suffering all over the country from this distinctly mean practice, there is an astonishing reluctance to give details. It is not that the details are not there, for we know that they are. From the very commencement of our existence as a journal we are setting our faces against this evil, and intend to do all that lies in our power to stamp it