## THE RELATIONS OF FIRE INSURANCE COMPANIES AND THEIR AGENTS

A fire insurance agent is serviceable to the company which he represents in the proportion that he feels himself to be a part of it. This perfect identification so essential to the safety of and prosperity of the company is wanting in too many agents. In small towns and villages it is frequently lacking. The agent of this description has no care for the home office beyond what it will yield him in commissions. His sole concern in his business is to obtain premiums and realize his fifteen per cent. upon them. He knows little about his company except such statistical facts as he has found necessary to ascertain in order to get business. He takes no pride in his profession. He does not associate with his fellow agents, nor exchange ideas with them, nor with his company's inspector relative to his experience in the practice of underwriting. He reads no insurance journals and therefore fails to keep himself informed of what is going on in his business. He simply devotes himself to grubbing for commissions. His sympathies are rather with his customers than his principals. In case of a disputed claim, he is sure to be on the side of the claimant, confidentially, if not openly. Not exact justice, but the most that can be got out of the company, is his notion of the best way to adjust a loss. In short, his aims in business are, first, his own commissions; second, popularity with the owners of risks; last, if ever, the interests of his company.

Is this personal sketch overdrawn? Do not thousands of bright, active, zealous and faithful fire insurance agents throughout the land recognize its photographic resemblance to numerous coworkers who are of them in the profession but not with them? Has not the picture been framed and set up long ago in head offices?

There is no intention of saying here, that an agent shall sacrifice his personal interests for the sake of those of his company. But it is insisted that an agent can not honestly nor profitably, sacrifice his company to what appears to be his own interests, and that the best interests of both are that they should be thoroughly identified in spirit and purpose; feeling that what injures one will directly or remotely affect the other. An agent serves himself best when he serves his company best.

The agent intent upon identifying himself with his company, should not confine himself to the acquisition of business for it. There is a wide field for the exercise of his energies and abilities on its behalf, among his neighbors. As a zealous worker for his company, he has the advancement of the interests of fire underwriting in his own locality, in his keeping. The duty falls upon him more than upon any other man in the community, except a fellow agent, to see to the maintenance of an effective building law. He needs to look after the water supply and prod the local authorities to do their duty in that connection, if they neglect it. The vigorous prosecution of cases of arson comes within his mission. The solicitude of the general public for the conviction of incendiaries, is not always as acute as it should be. Somehow; it seems to be thought that incendiarism is a matter in which insurance companies are almost alone interested. It, therefore, devolves largely upon the representatives of companies to push the conviction of those pests of society who have been caught in the commission of the crime. Above all, it is the duty of the agent ambitious for the good of his business, to exert his influence toward the repression of legislation unfriendly to insurance companies. The insurance agent is usually a man of prominence in his locality. If he represents great companies and millions of capital, it is natural that he should receive a great deal of deference from his neighbors, and that his influence should be correspondingly strong. Thus he is able to do much towards moulding public opinion in the direction of just views of underwriting, and the rights of insurance corporations. An able, active and persuasive champion of the business will not fail to influence the moral support of his vicinity for good laws.

It is a serious question if the present method of paying commissions to agents is not largely responsible for the existence of so many who entertain no personal sympathy for their companies. If the entire compensation system were changed to one which would involve a certainty and a contingency in equal proportions, we believe that a radical advance in the zeal and loyalty of agents would follow. The idea has been advanced that the payment of a commission on profits would induce the agent to be more careful in the selection of risks, but we understand that this profit commission has not worked out as well as anticipated. Where the premium income is small an agency may run for some years with favourable results and then one or two losses may occur which will make the records of the agency extremely bad, for say, the past ten years, and yet the agent through this defective profit commission system might have collected a considerable sum over the first nine years business, notwithstanding that the record for ten years was unfavourable. The practice of scrutinizing risks to be sure that they were safe to take and worth what they were represented, should form a habit of solicitude for the company's interests; it would stimulate the idea of identity in interest, since agent and principal would be partakers in the same profits and losses. No doubt companies are to blame who in their eagerness for business appoint as agents men who are not regularly in the insurance business, and who therefore cannot be expected to devote any time to the serious study of their duties as agents. It would be in the interest of underwriting that this class of agent should be out of the business. There is much to be said upon this subject of commissions in fire insurance.

## LOOKING FORWARD.

(From the New York Herald).

Americans are highly gratified at the manner in which the anniversary of this nation's natal day has been celebrated this year by their French, British and Italian brothers in arms. And won't it be glorious next year when the Fourth is celebrated by the French and British, Italian and American armies occupying Berlin!