

stances of the Canadian Insurance Act. But at any rate it remains true that prevention is better than cure and that the warning-off by the authorities of prospective policyholders from policies and companies that do not protect and putting them in the way of those which do is not an unwarrantable interference with the liberty of the subject, but merely common-sense. We commend the matter to the authorities.

WASTE IN CANADIAN LIFE INSURANCE: A SUGGESTION FOR REMEDY.

In one way and another, insurance men are hearing a good deal about conservation at the present time, and rightly so. It is a matter of vast importance that steps should be taken to reduce our fire waste, and that the dictum of the ancient proverb that "prevention is better than cure" should be turned to practical social account in active steps for the abolition of preventable diseases, the lengthening of life and the tuning-up of human efficiency. Our own columns week by week bear witness to the practical activity of insurance men and insurance organizations in these respects. At the present time, we propose to call attention to another matter of conservation which affects the business of life insurance, certainly as closely and perhaps with more obvious directness than preventable diseases and unfavorable social surroundings. The waste in Canadian life insurance due to lapses and their concomitant of insurance "not taken" is a matter which directly affects both companies and agents. Moreover, since it is a well-established fact that "the business that stays is the business that pays," the question has the practical aspect of one touching the pockets of those concerned.

As regards industrial insurance, it is, of course, the universal experience that this business cannot be conducted except at the expense of a very high lapse ratio, and in Canada, labour's nomadic habits form an additional difficulty which is absent in countries where labour is more settled, and probably account for a considerable percentage of the lapses shown by industrial companies operating in the Canadian field.

With ordinary policies, constant migration, while possibly of some moment, cannot possibly be so important a factor, and the main causes of excessive lapsation have to be sought elsewhere. From the subjoined figures of lapses and "not taken" policies it will be seen that there was in this connection a considerable improvement last year over 1910 in proportion to the new business of the companies operating in the Canadian field. But it cannot be pretended that an annual wastage of say, 30 per cent., apart from changes and decreases and surrendered policies which go off the books for the same causes as those which come under the heading of lapses, is anything but an unsatisfactory state of affairs. It forms a confession of sheer inefficiency, and is an indication to a world that is only too apt to be sceptical regarding the claims of life insurance in the social organism, that practically one-third of the energy bestowed upon it throughout Canada at the present time is so much mis-directed effort which goes to waste.

There is little doubt that the high-pressure methods of insurance canvassing, which reached their culmination in the United States a few years ago, have, in the main, gone, never to return. The companies generally are coming to recognise that service to policyholders is in the long run a better policy than mere size. But there remain methods of dealing with agents, which in our opinion directly make for hot-house methods of production and a consequently high lapse ratio and that it is necessary to reform if the waste by lapse is ever to be brought down towards the irreducible minimum. We allude particularly to the practise of a number of the companies in making arrangements with their agents to get business on a brokerage basis, i.e., a flat commission, and a large one, on the first year's premium. A second method of organisation to which a proportion of waste may be considered attributable is that of remunerating general agents upon a renewal basis while their sub-agents are remunerated only for first-year premiums. It is not strange that under either of these circumstances the efforts of agents are concentrated entirely upon obtaining new business,

LAPSE AND "NOT TAKEN" WASTE IN CANADIAN LIFE INSURANCE.

(Compiled by The Chronicle.)

	1911				1910					
	1	2	3	4	5	1	2	3	4	5
	New Policies Issued.	Lapses.	Not Taken.	Total of Lapses and Not Taken.	Proportion of Col. 4 to Col. 1.	New Policies Issued.	Lapses.	Not Taken.	Total of Lapses and Not Taken.	Proportion of Col. 4 to Col. 1.
	\$	\$	\$	\$		\$	\$	\$	\$	
Canadian Companies, Ordinary	102,711,022	24,122,932	9,429,910	33,552,842	32.67	87,934,951	21,726,201	7,204,587	28,931,188	32.90
Canadian Companies, Industrial	22,617,340	15,349,078	None	15,349,078	69.71	11,384,986	10,449,940	None	10,464,940	77.74
British Companies	7,173,888	1,650,500	516,986	2,167,516	30.21	4,633,916	1,403,007	516,840	1,920,447	41.44
American Companies, Ordinary	36,372,759	7,627,782	3,129,980	10,757,762	29.58	32,200,670	7,186,136	4,809,978	11,996,114	37.25
American Companies, Industrial	26,701,499	17,260,298	None	17,260,298	64.64	27,883,213	18,428,989	None	18,428,989	66.09