

# Insurance game — a job racket that feeds on grads



By RICK GRANT

Students looking for summer or permanent jobs cannot help but notice that the insurance company racket is under way for another year. The insurance company advertising campaigns bewitch and intrigue potential employees, appealing to their avarice and greed by promising "careers in management", "a rewarding financial position for young, intelligent self-starters" or a "guaranteed fifteen thousand a year position leading to management".

Chances of making it into what those innocent-sounding ads call management, they don't tell you, are next to nil.

Take a look at the job openings board at Manpower some day and count the number of insurance companies recruiting graduates. Then consider the ones marked "permanent standing order", ask how long they've been up or better yet estimate it by the differing shades of yellowing paper. After you've done that, count the total number of insurance companies listed in the phone book and ask yourself why the jobs are still open.

Six months of recruiting would have buried the city under agents. Since this isn't quite so, ask again why so many jobs are open. Could it be that all of the graduates are being moved up to management? Hardly, unless the company is in the business of paying people for doing nothing. Even the top-heavy armed forces don't need that many personnel.

Well then, could it be that there is a high turnover of agents? One company hired or recruited, in one nine-year period, five thousand salesmen to sell their policies. At the end of that nine years net increase in the company's work force was 50 agents. That meant that if you were unlucky enough to be hired by that company in those nine years the chances of you surviving the period was 100 to one.

Little or no training, and the practice of selling the "natural market" lead to this situation.

The natural market system is very simple, very profitable, and of little benefit to the salesman on either the financial or personal level. The way it works, a new recruit is told to write a list of all the people he knows — friends, relatives, business associates, friends of friends, and so on. The insurance agency manager then has the new recruit contact all these people for a policy. The industry knows that friends and relatives will often buy a policy out of friendship or misplaced trust. When the list is exhausted in a couple of weeks, the recruit is faced with the horrible problem of finding more people to try and sell but without any real formal selling training and only the most tenuous grasp of the technicalities of the policies he is selling. The agent is in trouble. To help him out, the manager will give the recruit a list of names to contact. What the unsuspecting salesman does not know is that this list originally belonged to another new agent who didn't make the grade and the people on the list are probably adept at refusing the poor guy's advances. In the end, unless he is either inordinately lucky or one of those strange people who can grasp the intricacies of the industry and the nature of selling in a short time, the new recruit quits the business, leaving behind his list of friends for someone else.

Of 24 companies approached about this natural market, 12 openly boasted about using it, six grudgingly admitted it, and the last six denied it completely although their salesmen admitted it.

Those people who survive three years of this kind of thing can be assumed to have survived and make a good income, averaging about \$10,000 a year. These agents are worth dealing with because they know that their policies say and they know what to sell their clients. They also have a reputation to protect, whereas the new man will often be so anxious to make a sale he will actively suppress information from the client and cheat him.

But, how do they share these recruits? In a newspaper or at Manpower, you can expect that half the ads asking for people to join a financial industry or promising huge incomes are insurance salesman ads. These ads often ask for graduates whereas the truth is that they will hire anybody if he

knows someone who might buy a policy. Most insurance companies give a selling or aptitude test to the applicant. These are laughable parodies of true aptitude tests and are only designed to give the person seeking the job a sense of superiority. When the agency manager very professionally totals up your score, you can be absolutely certain he will tell you "in strictest confidence and with utmost sincerity" that you are the most promising and talented person to walk through the hallowed chrome glass doors of the and go through an interview. This private talk goes something like this:

"Listen, let me tell you what it's really like," he says as he lounges in a nifty sports jacket, mismatched wide tie, spiffy cuffed pants and unctuous voice. "This business is only for those who want to work. Only those who can keep at it and sell. You have to have a liking for people because we are here to serve them. Our only aim is to provide them with something they really need and this company has the best for the people".

From the tone of his voice, you get the feeling that anybody who would want to make money off these poor unfortunates isn't wanted in the company and you half expect him to tell you he donates his commission to charity. The final comment goes something like this: "Life insurance is like a religion and we are its priests, we look after the poor and the sick. God is on our side."

Even if you're hired, you get no salary. You either make commissions which equal the total of a year's premium on one policy, or you get a set sum from a drawing account.

This means that you have to sell a certain amount of insurance in a month. If you don't make the quota, the company will graciously give you the difference between the total commissions and your "salary". If next month you go over quota, the company will subtract the difference to make up your debt. Generally speaking, an insurance agent is not entitled to sick pay or vacation time although in Canada this is changing. An agent is not a member of the company despite what the company says. An agent is a contracted employee which means the company is not responsible for him and does not have to support him.

What about the companies? There are roughly 2,000 companies in North America selling life insurance and they employ 500,000 salesmen. Metropolitan Life, for example, insures 50,000,000 people.

These companies make 100 billion dollars a year in sales. Of this, the industry is forced to pay out four and a half billion to people who are inconsiderate enough to die. The remainder of the money is invested by a couple of thousand investment officers who control 200 investment companies. The industry says it owns 150,000,000 million dollars worth of assets.

Insurance companies own several multi-national rent-a-car operations, several casket manufacturers (nothing like hedging your bets), liquor companies, several of those highly advertised loan sharking outfits that cover the country so well, and so much real estate they could become a major world power.

As a matter of fact, the life insurance racket is the world's largest business, short of making war, although in the long run insurance comes out on top. Its advertising budget some years ago ran about \$70,000,000.

In selling life insurance, several tactics are used by the salesmen apart from the regular crude ones. These take the form of applied psychology, such as fear of death. The most popular tactics are what is called canned sales pitches which are a formula used by the salesman that requires the customer to answer every question put by the agent in the affirmative. After a series of seemingly innocent and simple questions, the agent casually asks the client to buy. Because the client has been conditioned to the word yes during the pitch and because the questions are phrased in such a way that to answer no would make him sound a fool, the client automatically buys the policy.

"Death is a morbid subject and you don't like it. Neither, you feel, does the client like it, and you refuse to back the hearse up to his door. Well, I agree. I don't think we should back the hearse up to the door — I think we should put him in it! We've got to kill him!"

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