

ping at other than discount houses. The group could probably prove in addition that car buyers are being victimized by having to buy automobiles through dealers and that everyone should be able to buy Chevrolets direct from Detroit.

14. The attack on selling commissions in this proposed legislation evidences an attitude which concerns me. When I was Postmaster General, people frequently wrote to me wanting me to do something to put an end to privately-owned stamp vending machines in drug-stores, newsstands and airport waiting rooms. I was always amazed at these people, many of them stalwart free enterprisers, who objected to paying 1 or 2 or 3 cents over the face value of the postage stamps on a 10-cent or 25-cent transaction, for the convenience and service of having the stamps available for them to buy when and where they wanted them. In our supposedly profit-oriented economy there are too many people who seem to resent it if someone makes some money—even though the amount earned is reasonable in relation to the service rendered.

Over the past hundred years tens of millions of Americans have purchased individual life insurance policies. The overwhelming majority of these people or their families have been better off for the purchase of these policies. Practically none of these policies sold themselves. They were sold by agents—or, as they prefer to be called, by life underwriters.

It is a truism in the life insurance business that a prospect never comes into the office asking to buy a policy. Efforts have been made and are still being made from time to time to merchandise individual life insurance by mail or by newspaper and magazine ads without a person-to-person confrontation between salesman and prospect. But these efforts have on the whole been notably unsuccessful.

There is a particular situation which illustrates dramatically that the salesman is essential to life insurance merchandising. In three States legislation has given savings banks authority to write life insurance. These States are New York, Massachusetts, and Connecticut. These savings bank plans are operated without agents on the theory that purchasers will come into the bank to purchase an individual life insurance policy over the counter.

Compared to the new business written over the years by life insurance companies using agents, the results achieved by the savings bank plans have been quite limited.

The Massachusetts savings bank life insurance plan, for example, was started in 1907. For the year 1966 this plan, participated in by 36 banks in the State, had only \$18.4 million of total premium income from individual policy life insurance in force despite somewhat lower costs to the purchaser because of the elimination of agents' commissions. This compares with a total of over \$13 billion of premium income from individual life insurance policies for the life insurance industry as a whole in the United States in 1966.

The New York plan is more recent, having been started in 1938, but it has a much larger number of savings banks participating and in 1965 had less than \$19 million of premium income from individual policy life insurance.