

ASSETS OF LIFE COMPANIES: GOVERNMENT TO AMEND NEW AMENDMENT.

As a result of representations which have been recently made to the authorities at Ottawa, there will not be included in the proposed amendments to the Insurance Act the provision that in the event of the liquidation of an insolvent Canadian life insurance company, the whole assets of the company shall be available for the Canadian policyholders only, and the further provision that in the event of the liquidation of the Canadian business of a British or foreign insurance company, the entire assets of the company in Canada shall be available for the Canadian policyholders only.

For these proposed provisions there will be substituted new amendments, making it clear that in the event of a Canadian life company going into liquidation, the liquidator, who will be the insurance department, will administer the company in the interests of the whole of the policyholders, whether resident in Canada or outside Canada, and that in the case of a British or foreign company, only the assets deposited with the Government or with trustees for the purpose of protecting the Canadian policyholders, and which, according to the existing law, must be equal to the reserve required on the Canadian policies in force, and are therefore entirely adequate for the purposes of liquidation, shall be similarly available.

TROUBLESOME POINTS.

Thus there have been satisfactorily cleared up two points which threatened considerable trouble to life insurance interests. In the case of the Canadian companies, had this legislation been put through, they would have been badly prejudiced in the various foreign fields where their enterprise and sound management have given them a strong hold and a prominent position. Under the proposed amendments which have now been dropped, if one of these companies got into liquidation, those policyholders resident abroad would have had absolutely no standing under Canadian law. Presumably there would have been available for their protection the deposit made by the Company in the particular foreign country in question, as it is to be assumed that the government of such a country would not allow a deposit to be withdrawn in the interests of Canadian policyholders, while its own policyholders were left out in the cold. In any case, apart from this unfair method of treating foreign policyholders who had trusted Canadian companies, under a provision of this kind all sorts of difficulties would arise with foreign governments. It was the sort of legislation which might have been expected from a second-rate Central American republic but hardly from Canada, and it is a matter for surprise that the proposal

should have been allowed to be put forward at all. However, it has been satisfactorily squashed, and in its place put an amendment of a thoroughly satisfactory character, since it guarantees that the interests of foreign policyholders in Canadian Companies will be looked after the same way as those of Canadian policyholders, in the event of a Canadian life insurance company, which has transacted business abroad, going to smash.

HOW FOREIGN COMPANIES WERE AFFECTED.

In the case of the many British and American life companies operating in Canada, the point raised by the proposed section was equally serious. It is well known that among these companies are a number transacting a moderate business in Canada, but who have for purely investment purposes very large assets in Canada; while there are other companies transacting a large Canadian business whose Canadian investments are enormous. In both cases, it is important to note, the companies' investments in Canada are not intimately related with their underwriting business in Canada. The Dominion being from the companies' point of view an admirable investment field, they have invested here very large amounts of funds, so that in a number of cases the investment interests of these companies in Canada are much larger and more important than the life underwriting interests, though the latter may be by no means small.

LARGE ASSETS HELD IN CANADA.

Presumably, "assets of the company in Canada," referred to in the proposed section, did not include those Canadian investments which are actually held by the companies at their home offices, e.g., bonds whose coupons are payable abroad. But beyond these investments, the companies to which we refer actually hold in Canada a vast total of Canadian investments, altogether out of proportion to their Canadian underwriting business—investments made with funds having their origin elsewhere than in Canada and held for the benefit of the companies' policyholders generally, whether they live in England or Scotland or Canada or wherever else the companies may be transacting business. As a matter of fact, the assets held by British and American life companies in Canada are more than \$20,000,000 in excess of the amount required for the reserves of their Canadian business. It would have been a serious matter for the companies concerned if the Dominion Government had practically put a lien on those investments.

The probable result of such action would have been that these companies would have had to consider the cessation of further investment of very