

THE INSURANCE BILL AGAIN IN COMMITTEE.

At midweek the Insurance Bill received its second reading in the Senate. The Banking and Commerce Committee is now to deal with it clause by clause, thus giving opportunity for insurance interests to urge such further changes as they consider needful. So far as the life insurance sections of the bill are concerned, the successive hearings of last session resulted in a pretty satisfactory clearing-up of most of the important points at issue. With good reason, objection was raised to the clause providing that policyholders' directors should equal in number the directors elected by the shareholders of companies writing participating business. Not only was this provision objectionable from the viewpoint of shareholders, who invested their money under charters contemplating no such conditions, but it was scarcely in the best interests of policyholders, since efficiency of management was liable to be hampered thereby. As THE CHRONICLE maintained, any advantages to be had by direct representation of policyholders could be secured by a minority of the directorate being elected by them. This, it was pointed out, would serve all needed purposes—without incurring the lively danger of sound business progress being checked by men who, on the average, must necessarily be less versed than shareholders' directors in insurance and financial matters.

Fortunately, arguments such as the foregoing had weight with the Commons Banking and Commerce Committee, and the bill as it reached the Senate was so modified as to provide that in stock companies two-fifths of the directors shall be elected by the policyholders and three-fifths by the shareholders—the number of directors to be not more than sixteen or less than seven.

There are those who question seriously the fairness of the Government insisting upon a company (despite its original charter conditions) having policyholders' directors at all—but it would scarcely appear that there will be much further modification of the foregoing "compromise arrangement."

It is the fire insurance portion of the bill that now calls for most serious discussion in committee. The All-Canada Fire Insurance Federation urges upon the Government the dropping of the clause which would permit insurance to be placed in unlicensed companies so long as a 15 per cent. premium tax is paid. They point out that not only would the business of duly licensed companies be subjected to unfair competition, but that the bars would be let down for the admission of wild-cat concerns incapable of carrying out their contracts.

One prime consideration there is in this matter that must not be lost sight of. In taking upon itself, rightly or otherwise, the office of supervising insurance companies, the Dominion Government did so on the ground of protection to the public. It was certainly not on the ground of special favour to the companies, nor did supervisory legislation come about through any request of theirs. Such being the case—and the Government having laid down strict and costly conditions with which companies must comply if licenses are granted them—there is essential unfairness in letting "underground" concerns enter the field free of restrictions. These unlicensed concerns put up no Gov-

ernment deposits, hold no investments in this country, pay no taxes to Dominion, provinces or municipalities, and escape all the expenses incidental to duly licensed fire offices.

The situation was fairly summed up the other day by Mr. E. F. Garrow in his presidential speech to the Insurance Institute of Toronto.

"If there is to be an Insurance Act for the protection of the public it would surely be only fair that it should be applied to all alike or that the whole Act be cancelled and no obligations be imposed upon anyone."

Further he points out that if the objectionable clauses in the new Bill be enacted there will be a very sorry outlook for all in Canada engaged or interested in fire insurance in a legitimate way; and that it will probably not be long before such an act of injustice will re-act upon the public in the way of heavy losses sustained by those who, depending upon the security of fire insurance policies, have been unable to collect for losses sustained.

Reference was made last week to the difficulty experienced by the receivers of the Nichols & Langworthy Machine Co., of Hope Valley, R.I., in collecting claims from some eleven unlicensed companies and underwriting associations, some of which have been active in sending circulars into this country and soliciting business. Canadian property owners who have been disposed to place their fire insurance in unlicensed institutions abroad, because of inducements in the matter of reduced premiums, will find the case one of timely and practical interest.

To again quote Mr. Garrow:

"It can hardly be conceived that the Parliament of Canada would be willing to impose onerous obligations upon a number of companies which have been doing business in Canada in a legitimate way and with a long and honourable record of fair dealing with their policyholders, and then permit another class of companies, some of doubtful reputation and of uncertain standing, to come into Canada and do business practically without restriction. It will surely be only necessary that the case be stated clearly to our legislators to ensure that no such injustice will be imposed upon the stockholders of Canadian fire insurance companies, upon companies which have submitted themselves to the provisions of the law and been licensed to do business in Canada, and upon the agents and employees of those companies."

There is no gainsaying the sound logic of Mr. Garrow's position.

It IS HOPED THAT the "emergency compromise" arrived at in New York this week in the matter of burglary insurance will put an end to the "war of the companies." According to the New York Journal of Commerce, the main features of the action taken are the establishment of a 30 per cent. commission basis and arrangements for the cancellation of brokerage contracts at excessive rates. It is expected that the companies will get together and settle the other matters in dispute including the Chicago and Massachusetts situations without further delay.