

able business which has ever come to them. The reason is simply here, you start a new agency. It is absolutely necessary that you experiment with your men until you find you have the correct one. He must be a man of considerable intelligence, capable of securing and managing men under him in order that he may secure the best results. Now, in the initial stages of the contract you may have to pay a salary or part salary, but the man who possesses sufficient confidence in himself, and is big enough for the position will be attracted by the prospective profit to be derived from a successful transaction of business over a long time. Such a man would not be attracted by any salary a company could offer him before he was tried, and if his contract would terminate by law at the end of five years there would be too great uncertainty in that for him to take the risk of undertaking it. The men who have done most in the building of our companies have worked under contracts which this law if made to apply to them would prevent our making in future. These large agencies are producing business at the cheapest rate while the companies are relieved of the supervision over large sections of territory where supervision would add greatly to the cost. The head office cannot possibly be in as close touch with the business as these men are who are in the midst of the field. The prospective profit has brought these men to the companies and so has reduced the initial cost, and the interest they now hold reduces the cost to the companies for supervision, and furnishes better supervision than could otherwise be had. These men are specially qualified to perform these duties. They have made and now retain their positions because they have executive ability, the ability to hold men together and to produce the best results. By this law you would simply throw upon the companies the responsibility and expense of retaining at the head offices more people to supervise wider fields instead of having these centres of supervision which exist in general agencies. You cannot do it at the same expense.

In order that you may understand what the life agents are receiving for their work, and whether their commissions are excessive we will furnish you with exact information. The life agent receives a commission on a schedule allowing different commissions for different classes of policies. There are actuaries of the companies here who will vouch for the accuracy of my statement that the average commission does not exceed 50 per cent in the first year and 5 and 6 per cent on renewals. I know of some agencies where only 1 per cent is paid on renewals, but the average paid by all companies is 5 per cent. The total paid in ten years is 95 per cent. Compare this with what a fire insurance agent receives. He gets 15 per cent every year, so in ten years he would receive 150 per cent. If the life agent goes out of the business at the end of ten years all his interest reverts to the company. If the fire agent wishes to go out of the business the fire insurance company recognizes his right to sell his renewal interest, and will appoint the purchaser to carry on the business. This shows the comparative commission cost in the life and fire business.

The commissions paid by accident insurance companies over the same period would be more than in fire. Life insurance business is not easier to procure than these other classes, nor can the life agents live on less than they now receive.

Mr. B. HAL BROWN.—Attention has been called to section 36, and in compliance with a cablegram received on Saturday last from the head offices of the British Life Insurance companies, I would therefore, in continuation of the recommendation submitted on Monday last, and acting upon a suggestion received, respectfully submit for your consideration that the clause should have added to it another sentence. The clause would then read as follows:

‘In preparing such annual statement, every life insurance company shall furnish a gain and loss exhibit which shall show the sources of the increase and decrease in the surplus of the company during the year covered by the statement, in accordance with the requirements contained in blank forms supplied by the superintendent. British and foreign companies may, however, in lieu of the foregoing, furnish copy of such details of their business as they may be required to furnish to the government of the country in which their home office is situated. Such copy to be duly attested in the same manner as the original returns.’