

Ontario Loan & Debenture Company, on whose board figured several directors of the London Life.

An agreement between the London Life and the Metropolitan Life provided that no agent of either one should be employed by the other company within one year of his prior service in the same locality. This is to provide against an agent swinging business from his old company to the new. Agreements with agents are so framed that it is to their interest to remain with the company. Loading on ordinary premiums is from 20 p.c. to 30 p.c., and on industrial premiums from 50 p.c. to 100 p.c. "Agents' advances" are not shown in the London Life's assets. The amount is charged straight to expenses. Mr. Richter did not approve of too frequent divisions of profits. They should be kept as undivided surplus as a margin of safety, until the fund reaches, say \$3 per \$1,000 of ordinary life, and \$5 per \$1,000 of industrial. When profits were divided the proportion would be 5 p.c. to shareholders, and 95 p.c. to policyholders. The London Life is changing its reserve basis by setting aside a certain sum every year. The reserve is already on a 4 p.c. basis. By 1910 the company will change it to 3½ p.c. A few bonuses were paid to agents, though Mr. Richter did not approve of the principle. The London Life has no automatic non-forfeiture clause, but the company, in actual practice, gives each lapsing policyholder a paid-up policy if it is possible to find him. This is better treatment than many other and larger companies accord their policyholders.

Mr. Kent commented on the fact that agents received only 3¼ of the commissions on non-participating policies that were paid on profit policies. Mr. Richter answered that the net premiums on the new basis were about as large as the old gross premiums, and, without increasing the loading materially, they could not give as high commissions as on the profit policies; nevertheless, more non-profit insurance was being written than before 1900, when the commission dropped. This ended the examination of the London Life.

The Northern Life was the next company on the list.

At the beginning of his evidence, T. H. Purdom, president of the Northern Life, told of the organization proceedings conducted by himself and his partner, the late E. Jones Parke. They knew nothing of insurance business, but thought that London was a good place for a company.

Out of a million authorized capital, \$836,800 was subscribed, and \$213,850 paid up. Several thousand dollars was put up by Mr. Purdom to finance the company in its early stages. This had been charged to capital stock.

It came out that the Northern was also dabbling in unauthorized securities. Canadian Pacific had been bought and sold at a considerable profit.

The President of the Northern thought that the policy-holder should have no voice whatever in the policy of the company. He had never heard of any of the Northern policy-holders asking for this privilege.

LOANS TO SUBSIDIARIES.

"In no instance has a loan ever been made to a director," said Mr. Purdom, but later evidence showed that, although this was true, directors of the Northern Life had engineered loans for personal companies, and that the company had a subsidiary company, the Dominion Loan and Savings, with head office in London, and to which money had been loaned. Purdom was president of the subsidiary company.

The Northern Life had \$100,000 paid up in cash of which \$56,000 was invested in Huron and Erie debentures. Such a large sum with one company was a doubtful investment, thought Mr. Tilley. Witness assured him of the wisdom of it by explaining in detail the basis and safety of the company.

SUBSIDIARY COMPANY.

Mr. Tilley ran across a deposit of \$75,000 with the Dominion Loan & Savings Company. Mr. Purdom was president of this company.

The Dominion counsel pursued further, and termed this company a "Purdom corporation." He criticized a loan of this kind severely.

Mr. Tilley next took up a transfer of unpaid stock to the witness and other directors. Eight hundred and sixty-seven shares were transferred to witness, on which not a dollar was paid, said the President of the Northern Life.

Mr. Purdom explained that this was put through in this manner because certain parties wanted to buy the company, and not wishing to sell, the directors assumed the old stock subject to call. It transpired, however, that this call was never paid, "because there was no need to."

ODD BY-LAW.

Counsel presented the by-law of the company enacted December 12, 1905, making the transfer on a basis drawn up by the directors and establishing a special way of declaring dividends which caused considerable enquiry and comment.

The first two clauses of the by-law were as follows:

"(1) That any shareholder now holding stock not fully paid up may, if he wishes, within one month from and after the date of the confirming of this by-law by the shareholders after the same shall have been passed by the directors (or subsequently as may from time to time be resolved by the directors) give written notice of his decision to pay up the whole or any unpaid portion of his stock by paying a premium of 25 p.c. on the unpaid portion of said stock (or subsequently such