

LONDON, CANADA, March 29, 1909.

To the Chairman and Members of the Banking and Commerce Committee of the House of Commons:—

GENTLEMEN,—As a shareholder in the London Life Insurance Company I desire to protest against the proposal to alter the respective rights of shareholders and policyholders by Sec. 99 of the proposed Act.

The shareholders stand to lose all their money before the policyholders suffer any loss on amount promised them. This is not an imaginary danger merely for by actual experience the shareholders in this company have had to pay \$13 per share for impairment of capital incurred in starting the industrial section and from other causes and the present position is that on a paid-up value of \$20 we have actually paid out \$33 on each share. The dividend paid us nets less than 5 per cent, while our interest earned was 6.23 per cent last year; under these circumstances I cannot see why the policyholders (who have always been paid the full estimated profits as shown to them when they insured) should now in violation of the arrangement made when they entered obtain an equality on the Board of Directors. The representation given them enables their directors to keep close on all the business to see that investments are proper, that expenses are reasonable, and that profits are fairly apportioned as per contract. Their attendance is a guarantee that nothing will be proposed detrimental to the policyholders. The fact that these policyholders' directors are in a position to notify the policyholders of any improper dealings practically gives the opportunity for that publicity which is deemed to be the best protection for the policyholders and besides enables them to appeal to the Insurance Department or to the courts.

The Board of the London Life is composed of six shareholders and three policyholders' directors; the shareholders' directors are elected by the shareholders only; both shareholders and policyholders can vote by proxy; the policyholders are not members of the company, but are entitled to attend meetings, ask questions and take part in discussions but vote only for policyholders' directors who have same power as other directors.

The date of the annual meeting is fixed and it is only when held at another time that notice to the policyholders is required. Neither the manager, agent or any paid officer is a director. Our elections are held yearly while the Act proposes a change to a four years term; the last named is too long; two years would serve every purpose as to stability; the election should be for specified terms and not in bulk followed by a lottery, then any vacancy is in the London Life filled by the other directors of the same class; this is not included in the Act.

The special point I want to make is that our contract with our policyholders should not be altered as we have carried it out in good faith; if we had done unfairly by them or had evaded promised representation a change might be justifiable but so far as we are concerned nothing of the kind is applicable and the Act should be amended (subsection 3, section 99) to read 'not less than six,' and subsection 4 to read 'not less than one-half the number elected by shareholders,' and subsection 9, the words 'be a member of the company,' and in fifth line be struck out.

Yours respectfully,

ARTHUR S. EMERY.

LONDON, March 29, 1909.

H. H. MILLER, Esq.,  
Chairman, Banking and Commerce Committee,  
House of Commons, Ottawa, Ont.

DEAR SIR,—In compliance with your suggestion, that any matter of importance bearing on the new Insurance Act which could not be brought before the Banking