

States 87½ per cent of the estates consists of life insurance. When one realizes that in a country of one hundred and twenty millions of people 87½ per cent of the estates is made up of life insurance, one comes to a full appreciation of the importance of life insurance to the average home. The money invested in life insurance will look after the widows and orphans, and will assure the aged a pension in their declining years. More than that, we are told by competent authorities that life insurance has reduced pauperism by 33½ per cent in thirty-five years. That is a very important statement and I believe it is true. It gives us an idea of the sound value in the average man's having an investment in life insurance. It puts homes on a sound financial basis, and that is very important when we consider the number of homes in Canada today that are practically bankrupt and the number of unemployed throughout this dominion.

Again, life insurance acts as an economic flywheel in times of depression. By that I mean that it is an important factor in stabilizing economic conditions. In a time of depression a man can borrow money on his life insurance policy when he cannot borrow from the bank. He can get cash and credit on his insurance policy, and that cash and credit help to keep business moving, and aid in the stabilization of conditions. If life insurance is that important, I would say that we ought to do our utmost to safeguard the good name of life insurance in Canada. There should be no gambling with the assets of the company because they are trust funds and they should be protected for the benefit of the widows and the orphans and the homes of the nation. That is why we planned our Insurance Act and made it what it is. The Insurance Act restricts insurance companies in the investments they may make and tries to safeguard every one of them. At the present time according to our Dominion Insurance Act, I understand the only investments in common stocks which a Canadian insurance company may make are in those companies which have paid dividends of five per cent for at least seven consecutive years, and in preferred stocks only in those companies which have paid five per cent for five consecutive years. I would go this far. I would limit the investments of insurance companies in common stocks, not to a maximum of 15 to 20 or 25 per cent of their assets, but to a maximum of 5 per cent of their assets.

I have a statement of the investments of the North American Life Assurance Company here, and it shows that their total investments in common and preferred stocks do not

[Mr. McIntosh.]

amount to five per cent of their assets. In common stocks they have an investment of 4.29 per cent of their assets, and in preferred stocks an investment of .47 of their assets, or a total combined investment in common and preferred stocks of 4.76 per cent, or less than five per cent of their total assets. I believe that the North American Life Assurance Company, so far as their investments in common stocks are concerned, is on solid ground, and I believe that the people of Canada ought to know what the record of the company is in that respect. Experts in every civilized country have been telling us for the last quarter of a century that too much of the policyholders' money is being invested in common stocks and that to follow such a policy was to tread on dangerous ground. In times of depression that dangerous ground will become more and more apparent.

I would state further that every insurance company should be operated not for the benefit of the shareholders but for the policyholders, and once a company gets on its feet there should not be allowed any large increases in stock investments or stock bonuses. The quicker a company is mutualized the better for those concerned and for the people of Canada generally. In this connection may I say the North American Life Assurance Company was mutualized over a year ago, and I believe it ought to be commended for taking such action at that time and thereby putting itself into its present satisfactory condition.

As a policyholder in the North American Life I have not the slightest doubt about the future of that company, and had I half a dozen policies in it I should continue to feel that its future is safe. So far as the Gundy charges are concerned, may I say I have looked into the record of the company and find no profit was made on the transaction to which reference has been made. True, he along with Mr. Bradshaw had control of the company during the years 1928, 1929 and 1930. Although the company was in their control for that period of time I do not believe investments were in any way affected or influenced because Mr. Gundy and Mr. Bradshaw controlled 51 per cent of the stock. I believe full care was given to every investment and no investments were made until passed upon by the finance committee of the company and later sanctioned by the board as a whole.

I believe Mr. Bradshaw ought to be commended for taking a lead in the mutualization of that company. He considered from the first that it ought to become a mutual com-