

*Trust Companies Act*

these companies usually occur by something going wrong in a particular district. Does the minister think that this scheme of inspection—which was supposed to be for the purpose of seeing first that law was administered and the affairs of the company carried on reasonably and properly with proper books and the like—is to be extended to such a point that the judgment of a government official may be substituted for the judgment of the management and the company immediately closed?

Mr. JACOBS: Does the hon. member remember a case in Winnipeg two months ago, where a life insurance company invested all its capital in a washing machine company?

Sir HENRY DRAYTON: Yes, that was an awful thing to do.

Mr. JACOBS: Do you suggest that this new Superintendent of Insurance would prevent such an occurrence?

Sir HENRY DRAYTON: No, and I do not see the bearing of the question. There is full inspection under the act, but we are talking about another matter now. There is no use starting out with a question like that, when we want to know where we are going. We want to know whether or not, in the minister's view, this inspection, which started out on the lines I have indicated, is to be carried to such a point that power is given, perhaps without responsibility to any one, as the minister says, and without recourse even in the case of an entirely mistaken policy, to substitute the judgment of a government official for that of the management in connection with the whole of the undertaking.

Mr. ROBB: May I point out again that the inspection clause which my hon. friend quoted was taken precisely, word for word, from the Insurance Act of 1917. As to the "will of an official of the government," let me say that the revaluation can be made only by an independent appraiser; it is not the inspector of the insurance companies who will value the properties but a recognized independent appraiser. The act has been administered fairly and well for some years, the officials being very largely the same persons who administered the law under my hon. friends.

Mr. MEIGHEN: It is a different act.

Mr. ROBB: Let us get down to brass tacks. Will my hon. friend tell us where, if [Sir Henry Drayton.]

in any degree, the Inspector of Insurance has done anything to injure a company?

Mr. MEIGHEN: I am not going to wash linen in this House in regard to any company, but what I am trying to argue before the minister—and I did expect he would meet my argument favourably—is the unsoundness of the principle. The hon. member for George Etienne Cartier (Mr. Jacobs) tells of cases where companies have made gross blunders. Does he realize that one of these companies was inspected?

Mr. ROBB: No.

Mr. MEIGHEN: It was not? Why was it not?

Mr. ROBB: It has a provincial charter.

Mr. MEIGHEN: The provinces have got out of this responsibility and I venture to say they are glad.

Mr. ROBB: To the detriment of the policy holders of the company.

Mr. MEIGHEN: Insurance companies, of course, differ from trust and loan companies, and the policy holder does deserve a little more in the way of safeguarding at the hands of the government than do the men who loan money to trust or loan companies. But I would not go too far in assuming responsibility in connection with insurance companies either, for I do not know where we should find ourselves. I do not doubt for a minute that there are many power companies, for instance, the directors of which have little if any financial responsibility in the way of investments. But they have entered upon a great enterprise and it is our business to see that they lay the facts before the investor. That having been done, however, are we going to inspect these companies too, because they have charters from us? They are quite capable of making mistakes. They might buy washing machines or anything else; but why should we be their guardians? Why should we sit at their desks? Should we have an official with power to value their property, revise their books, and generally to take the place of their managing director the official is of the opinion that they are not managing their business properly? Really, I cannot see the difference between these companies and the others we are discussing. Once you get beyond the sphere of guarding the immediate depositor in connection with loan companies and banks you are on dangerous ground. I object to the government going further; let the other