

not to exceed by over ten per cent. the reserve on policies in force in that country.

The new bill provides that all life companies are henceforth to have the same powers of investment. Aside from the class of securities receivable as a deposit by the Treasury, the companies may invest in municipal and school bonds in Canada, in life insurance and annuity contracts, and in other stocks and bonds on the following conditions: Bonds must be secured by a mortgage upon real estate or other assets. Debentures desired as securities must be those of a company doing business for five preceding years without default. Preferred or guaranteed stock must have paid a dividend for at least five years, and common stock 4 p.c. for at least seven years.

To provide against the creation of subsidiary companies, the bill stipulates that not more than 20 per cent. of the common stocks and not more than 20 per cent. of the total issues of the stock of any company shall be purchased by any life insurance company. Nor shall any company invest in its own or other insurance company shares.

Companies may lend money on securities as above, and on real estate, provided no such loans shall exceed 60 per cent. of the value of the real estate or interest thereon, which forms securities for such loans.

A Canadian company is allowed to deposit outside of Canada such portion of its funds as is required by maintenance of foreign branches, provided that deposit in no country shall exceed, by more than one hundred thousand dollars, the amount required by the foreign government, or the amount of the reserves on the policies in such country, whichever is the greater. Every company, native or foreign, shall retain in Canada assets equalling at least its liabilities to Canadian policyholders; and of such assets two-thirds must, in value, be investments in Canada.

Expenses of Business.

The proposed bill (unlike that of last session) does not propose to limit new business expenses in particular, but expenses in general. Such limitation is to apply at once to old companies which have a standing of fifteen years, or to any company as soon as it comes to the age of fifteen years—while in the case of new companies to be incorporated hereafter the limitation shall begin when they have had ten years of existence. The expense clause provides that no company shall make or incur, in any calendar year, any expenses except actual investment expenses (not exceeding one-fourth of one per cent. of the mean invested assets), and also except taxes on real estate and other outlay exclusively in connection with real estate, in excess of the aggregate amount of the actual loadings upon premiums received in such year, and the amount of the deduction from the valuation of the company's policies made in pursuance of sub-section 3 of section 42 of the act. The loadings referred to shall be deemed to be the excess of the office premiums over the net premiums, such net premiums being calculated on the basis of the British Officers' life tables (Om (5)), with interest at the rate of three and one-half per cent. per annum.

Officers at the head offices of the companies will not be permitted to receive commissions in any shape or form, this not to apply to other employees.

No salary of \$5,000 or up will be paid without being specifically voted by the Board of Directors, and no salary agreement may be made for a period exceeding five years.

Rate of agents' compensation is to be fixed in advance, bonuses and special rewards being prohibited. No loan or advance without adequate security, shall be made to any person or firm soliciting for insurance; nor shall any such loan or advance be made upon the security of commissions or other compensation to be earned by the borrower, except advances against compensation for the first year of insurance. This section shall not apply to expenses incurred in the business of industrial insurance.

Pensions may be paid to retired officers out of a fund instituted with consent of shareholders and policy-holders.

Regulations as to Capital.

The capital stock of a new company is to be divided into shares of one hundred dollars each. The directors may after the whole authorized capital stock of the company has been subscribed and fifty per cent. paid thereon in cash, increase the capital stock from time to time, with consent of shareholders, up to the limit set in the Act of incorporation. As soon as stock is subscribed and ten per cent. on it paid in cash, permanent directors are to be appointed by shareholders. The shares of the capital stock subscribed for shall be further paid by such instalments and at such times as the directors appoint; the first instalment not to exceed twenty-five per cent. and no subsequent instalment to exceed ten per cent.—not less than thirty days' notice of call being given.

Where agreed upon by the vote of shareholders representing two-thirds of the stock, an established company may reduce within defined limits its paid-up capital, if such has become impaired.

Directors of any established company may from time to time, out of the profits of the company, increase, within charter limits, the paid-up capital or they may issue new stock, which stock shall be first offered at not less than par to shareholders in proportion to their holdings.

Insolvency of Company.

The provision as to the insolvency of a Canadian company remains as under the existing Act. If liabilities to the public exceed assets the Superintendent is to report to the Treasury Board, which may after due consideration (a) forthwith withdraw the company's license, or (b) set a time-limit, not exceeding three years, within which the deficiency shall be made good. Upon the company's failure to make good such deficiency within time stipulated, its license shall be withdrawn; provided that if the company's liabilities exceed its assets by 20 per cent. or upwards, its license shall be withdrawn forthwith.

Amalgamation of Companies.

Before an amalgamation of life insurance companies can be proceeded with, policyholders of the company to be transferred or re-insured must be given due notice, and application containing full information must be made to the Treasury Board. If a fifth or more of the policyholders dissent, or if the combined capital of the two companies show impairment, there can be no amalgamation.