

We secured from every registered company in the Province a complete list of its authorized agents. We took those lists and checked them with our records of those holding licenses. We found that there were some twenty-five hundred agents in this province actually authorized by the companies and carrying on Insurance business who have not got licenses. We took every one of those twenty-five hundred names and have sent out notices to those persons informing them that we have received notice from the Company—naming the Company—that they are carrying on the business of insurance agents and warning them that they must obtain a license immediately. Their applications are coming in rapidly. I tell you frankly that we intend to reinforce that campaign by beginning a number of prosecutions throughout the Province of persons who ignore that notice; so you are quite safe in informing anyone who receives such a letter that it would not be wise for him to put it to one side or to throw it in the waste-paper basket. He should apply for a license, because we certainly intend to follow up everyone of those names with close attention until we get the proper results.

#### *Company's Recommendation Required.*

In the matter of the signature to the recommendation by the Insurance Company, contained on the application form, the Department has already written to every registered company asking them to supply me with a list of the names, addresses and titles of persons authorized to sign that recommendation. That is, we put it up to the Company to name the persons who are to sign recommendations for the Company, and those names are being reported, and every application that is received will have the signature to this recommendation checked with the authorized officer of that Company.

#### *Responsibility of Recommending Company*

Answering the question as to the attitude of the Department towards a case in which a recommendation was signed on behalf of a company under pressure in cases in which the applicant was not properly entitled to a certificate, Mr. Gray said: "I must say that the Department is certainly going to refuse to accept any such shifted responsibility as that indicates. Every signature that comes to the Department will be considered to be a free and wilful act of the person who signs it, and if he signed it under vis major or undue influence, that is his lookout.

The point of the matter is that the recommending requirement was adopted as a safeguard to this business, with the idea of putting upon the Companies the responsibility of saying who was entitled to be an agent for that Company. We accept

that, naturally, at its face value. It would not get us anywhere if we started to go behind that signature; in fact, it would destroy the whole virtue of the signature, and it would release the Company and the signer from the responsibility. If the man that signs that recommendation has not got backbone enough to refuse to sign a recommendation in an improper case, then he can not come to the Department and expect them to help him out of the situation into which he has got himself. That is my view of it."

#### *Prosecution of Non-Licensed Agents.*

It is intention of the Government to prosecute persons who carry on illegally the business of insurance agents.

#### *Brokers' Licenses.*

The Insurance Companies and the Insurance Agencies have been warned that they should not pay commissions to any person who does not hold a proper Certificate of Authority from the Department and we intend to supplement the list of authorized agents which we have obtained from the registered companies by investigation of other persons who are carrying on business as casual brokers or solicitors for general insurance agencies; that is, the solicitor who does not represent any Company. A special form of return is required from all insurance agencies of the names of all soliciting agents to whom they have paid commissions.

I may say that I am of opinion that the present system does not meet all the requirements of the situation by any means. The broker to whom you have referred is certainly in a position different from the ordinary agent; and if I may be allowed to express an opinion, I may say that the development of the brokerage in the insurance business seems to be a line that will have to be recognized and provided for. His business differs in essential points from that of the regular authorized agent. I have in mind that it may be a development of the licensing system that there should be another class established subject to supervision under special regulations in regard to brokers and adjusters. That departure has been recommended by Mr. Justice Masten in his report as Insurance Commissioner and there is likely to be some development along that line in the course of the ensuing year, although I do not know what it will be.

#### *Inspection of Company and Agency Records.*

We have already warned the companies and agencies that there is likely to be an inspection of their books, at least of their commission accounts, made by the Department.