

no bad effects from its accumulation. This method of dealing with the reserve dividend surplus will then permit the use of reserve policies, which I consider of the greatest importance in doing business in a foreign field. In my own agency the average new premium last year was \$60.80 for every new assurance we received, and you can see, dealing with premiums of that character, how important it is that we should be able to offer the most attractive policy possible. You can readily see that if you are dealing with a premium which, as in the case of the 20 year endowment, amounts to \$1,200 in the twenty years, it is much more difficult to make the policy attractive as an investment, than with a lower premium. By permitting us to issue reserve dividend policies and by dealing with the surplus in the manner previously stated, you do nobody any harm, and at the same time you do the business an enormous amount of good by enabling the companies to increase their volume of foreign and home business.

The next section to which I wish to refer specifically is section 53 which refers to the general limitation of expenses. The full effect of this general limitation of expenses is only understood when you have come to know that the section provides roughly, that the company shall spend, according to the figures of the Royal Commission, \$1,500,000 (less the mortality gains in section 42, subsection 3), less in 1910 than in 1909. You know perfectly well, as far as the fixed charges are concerned, that there can be very little reduction in them. I cannot imagine the managers accepting less salary or the directors less fees. The head office clerks cannot be paid less than they are now, because they are paid about the least amount possible, and the whole cut will necessarily be taken out of the pockets of the agents.

Mr. HARRIS.—Can't you soak the doctors some?

Mr. TORY.—I am afraid not, they are more likely to soak us because they are increasing their charge for examinations.

Mr. HARRIS.—Your business is almost all foreign?

Mr. TORY.—Yes.

Mr. HARRIS.—Have you had any experience with the doctors increasing their fees?

Mr. TORY.—No, because in my department they are almost exclusively five dollars, they are now at the maximum fee. The English doctor in the West Indies has fixed his fee at a guinea, and that is all there is to it. You cannot cut it down, the fee has been fixed for years at five dollars for a medical examination. Therefore there are only two directions in which the saving can be made, first you may be able to squeeze the agent, or second, you can curtail the business. The men who in this whole Dominion will suffer most in either case are the agents, very few of whom are getting more than a living out of life insurance. You simply cannot tell me how the companies can squeeze a million and a half dollars (less the provision under section 42, which will perhaps leave it a little less than a million) out of the agents. Do you know of any device by which you can squeeze this amount out of these men? I may frankly tell you that it cannot be done. The only other alternative is to reduce the new business, and, if you pass the Bill as it stands, it means a reduction of some \$25,000,000 annually in future business. While a little extra profit for the policyholders may be made possible, will it pay? It will not pay. Therefore these sections that tend to curtail the business and to restrict and hamper the companies should be eliminated. The chief advantage, in my opinion, in this Bill is the voluminous information for which you have called in the schedules. I believe this will have a most salutary effect upon the business of the companies. If the preparation of this Bill accomplished nothing more than the bringing out of that information from these returns you will be able to ascertain exactly what each company is doing with the policyholders' money. As you now know if the Bill had gone into effect as it was first drafted, the business of life assurance would have been smashed into smithereens. Don't take the risk involved in the present Bill. Give the Canadian companies a chance under the operation of the principle of publicity and I believe you will be surprised to see how they will strive to comply with the spirit of the law.