

TIGHTENING UP INVESTMENT LIMITATIONS.

The draft of the new Insurance Act contains a number of amendments to the old Act designed to tighten up investment limitations of insurance companies. THE CHRONICLE, by the way, has never seen it argued why in particular life companies should be given any more leeway in regard to their investment powers than are trustees, since the companies are morally and in fact, if not in law, in the position of trustees for their policyholders—and that whether they are mutual or stock companies. The amendments in the new Act will be found in section 58 *et seq.* Provincial companies which obtain voluntarily a Dominion license under the new Act will be required to dispose of any investment holdings unauthorised under the Act within five years of their being granted the Dominion license. Holdings of debentures or other evidences of indebtedness may be acquired by Canadian life companies only when the company issuing them "has paid regular dividends on its preferred or on its common stocks for a term of at least five years immediately preceding the date of investment in such debentures or other evidences of indebtedness." This provision (sec. 59, sub-sec. b, clause 2) shows a considerable tightening-up over the former requirements. Life companies' loans on collateral are limited in amount to the proportions of the total issue in which actual investment may be made.

ELIMINATING "GRAFT."

Every Canadian company, other than life, will be forbidden to "invest in, or lend its funds on the security of, the shares of any other company transacting, or authorised by its charter to transact, any class of insurance business which such company transacts or is authorised by its charter to transact" (Section 63). Of the assets which must be retained in Canada by Canadian companies in proportion to their Canadian liabilities, an amount at least equal to two-thirds of the total liabilities in Canada shall consist of investments in or loans upon Canadian securities. A sweeping change is made in section 65 with a view to the prevention of "graft" in connection with the investment of companies' funds. The old Act provided that "securities may be taken and accepted in the name of the company or in the name of any officer of the company, or other person in trust for the company." The new section 65 says:—"All investments and deposits of the funds of any such shall be made in its corporate name, and no director or other officer thereof, and no member of a committee having any authority in the investment or disposition of its funds shall accept or be the beneficiary of, either directly or indirectly, any fee, brokerage, commission, gift or other consideration for or on account of any loan, deposit, purchase, sale, payment or exchange made by or on behalf of such company, or be pecuniarily interested in any such purchase, sale or loan, either as borrower, principal, co-principal, agent or beneficiary, except that if he is a policyholder he shall be entitled to all the benefits accruing under the terms of his contract."

GETTING AFTER CARELESS DIRECTORS.

Directors who allow unauthorised investments are made responsible for any loss incurred in the forced liquidation of these securities. Section 77, sub-section 3, provides "The Superintendent may

request any company to dispose of and realize any of its investments not authorised by this Act, and the company shall within sixty days after receiving such request absolutely dispose of and realize the said investments, and if the amount realized therefrom falls below the amount paid by the company for the said investments, the directors of the company shall be jointly and severally liable for the payment to the company of the amount of the deficiency." Sir Thomas White, commenting upon this proposal in the House a few days ago, said, "It has been specially drawn to the attention of the department and to the Minister that directors will, notwithstanding the plain terms of the Insurance Act, make unauthorized investments, and the Superintendent of Insurance does not become aware of it until the damage is done. Under the present Act, there appears to be no effectual provision for dealing with directors who make such unauthorised investments and we have attempted to remedy that in the present Bill."

A CHANCE TO CUT DOWN EXPENSES.

For a good many years, it has been the custom of the insurance companies to keep a very fair proportion of the business community constantly provided with an ample supply of office etceteras—blotting paper, blotters, paper cutters, rulers, desk calendars and the like. The original idea of the custom was evidently advertising. But in fact, the custom has become so commonplace and universal that any advertising value which it originally had has long since disappeared and the idea of advertising the merits of a company in this way is merely a joke. There is no other sound reason why the insurance companies should act the part of Good Samaritans to business offices which can well afford to buy their own blotters, and the present is a good time for the companies to get together and put a stop to what has become a ridiculous tax on their good nature. If the companies want to spend in effective advertising the money they now throw away on these trivialities, there are any number of ways of doing it, open to them.

PUT IT IN BANKING TERMS.

"Mr. Smith, just forget for one moment that I am a life insurance agent, and imagine that I am a banker. I say to you: 'You pay me 2½ per cent. or 3 per cent. interest on a given sum, say \$5,000, for the next twenty years. If you die at any time, either to-morrow or fifty years from now, I will place \$5,000 to your wife's credit in my bank. If you die before the twentieth year, all interest payments cease at your death, and if you live longer than twenty years, the interest payments cease at the twentieth year; if you are still alive twenty years from now, and care to discontinue the arrangement, I will pay you back all of your interest.' If your banker should make you such a proposition you would take it at once, wouldn't you? Yes, indeed, you would. Well, that is all a twenty-payment life policy is."—*Alfred Parker.*

The U. S. Council of National Defence is considering plans for issuing \$4,000 life insurance on every American soldier and sailor during the war, the whole scheme to be handled by a Government insurance bureau. The plan would cover death, and also partial or total disability, thus taking the place of a pension scheme.