

Western Quebec—Jules Derome, C.L.U., Sun Life Assurance Company, Montreal.

Eastern Quebec—A. Rouillard, C.L.U., Industrial Life Ins. Co., Shawinigan Falls.

New Brunswick—J. D. Barbery, Canada Life Assurance Company, Moncton.

Nova Scotia—A. R. Fraser, C.L.U., Maritime Life Assurance Company, Halifax.

Prince Edward Island—R. E. Younker, Canada Life Assurance Company, Charlottetown.

To the Chairman and Members of the Standing Committee of the House of Commons on Industrial Relations, from the Life Underwriters Association of Canada, concerning Bill 23 (An Act to amend the Government Annuities Act).

Gentlemen: The Life Underwriters Association of Canada is the only Association of Life insurance salesmen in Canada. It was organized in 1906 and incorporated in 1924. The Association has over 6,500 members from coast to coast and regards itself as spokesman for the more than 10,000 full time life underwriters in Canada.

The Board of Directors of the Association feels that its responsibility both to the members of the Association and to the public make it imperative for us to present to your committee our viewpoint on Bill No. 23 (An Act to amend the Government Annuities Act). Our considered opinion is that proper consideration has not been given to the full implications of the various provisions of Bill No. 23 and that if enacted, it would be extremely detrimental both to the taxpaying public and to the 10,000 underwriters we represent.

The Bill provides for (1) an increase in the maximum annual annuity from \$1,200 to \$2,400 and (11) cash values in annuity contracts, without in any way making provision for an increase in premiums to offset the increased cost which the inclusion of cash values would inevitably involve. These are the two provisions of the bill which give the Board of Directors of this Association very real concern.

Each of the more than 10,000 life underwriters we represent is daily engaged in contacting various individuals with a view to assisting them in underwriting their plans for financial security by the sale to them of annuity contracts and various other plans of life insurance, many of which involve the principle of annuity income.

The sale of annuities by the government on a subsidized basis has always constituted unfair competition to the life underwriter. If the proposed amendments are adopted the resultant competition will be such as to threaten the livelihood of the whole body of life underwriters.

The original intent of the Annuities Act was to encourage people of moderate means to make provision for their old age. It was realized at that time that if these annuity contracts carried cash values the purpose of the Act would be defeated. It was this fact which many doubtless regard as justifying the subsidization by the taxpayer of these contracts.

For some forty-three years these contracts have not carried cash values and, while the existence of government annuities has been detrimental to the life underwriter, the fact that government annuity contracts have not carried cash values has enabled underwriters to continue selling annuities and to promote the annuity idea among the people of Canada. The proposal that these contracts carry cash values, will not only serve to defeat the intention of the original Act, but will also automatically remove what many consider as the only justification for a subsidy.