

come to this office. In this journal serious charges of misappropriation are made against T. B. Macaulay, president of the Sun Life Assurance Company, and against Mr. Gundy in connection with the North American Life.

I and many of my friends here who have insurance in both these companies are greatly worried. We would like to know the facts and if we should continue to keep our life insurance with these companies or let the policies lapse. Insurance has been the only hope of the salaried men to save a few dollars for a rainy day and it now looks as if we were to be deprived of the full benefits of insurance.

Needless to say, the Financial Post is one hundred per cent with the insurance companies, but the Journal of Commerce spares no words in its condemnation of their methods of carrying on business. As stated in the resolution these charges have created a state of uncertainty in the public mind, and a lack of confidence in the stability of such institutions in this country. It states further that these charges can most effectively be met and public confidence best be restored by a thorough and impartial investigation.

The question might very well be asked whether a discussion of this matter in parliament would not aggravate the situation rather than remedy it. I think, Mr. Speaker, that there is no worse way of aggravating a situation than by leaving it strictly alone, especially in the face of the numerous rumours and the published articles which have been circulating throughout the country. Just before I left for Ottawa a business man in Alberta accosted me and asked whether I had heard about the Sun Life Assurance Company going broke. He had evidently been reading the Journal of Commerce, or else had heard something from some casual traveller in his home town. On another occasion a doctor friend of mine vociferously proclaimed his intention of discontinuing his policy on the ground that it would be throwing money away to send his annual premium to insurance companies that were so near the verge of bankruptcy. Instances such as those two could no doubt be cited by the hundred, but I think they will suffice to impress upon hon. members the danger involved. Usually false rumours die of their own stench, but when they originate from well-founded apprehension there is just cause for the investigation that I am asking for in this resolution.

Before examining the charges of the Journal of Commerce it might be just as well to know what the policyholders of this country have to say about the situation. In 1907 the methods and practices that were severely criticized by the Royal Insurance Commission were described as follows:

Insurance companies tend to become powerful aggregations of money with financial rather than insurance aims. The commission attributes to this feature of the insurance practice of the present day most of the evils under which the insuring public suffer. The deferred dividend system was devised to facilitate the accumulation and retention of policyholders' money. Speculative instead of investment fields are eagerly sought. Directors aim at the furthering of their own schemes. Underwriting and syndicates, the select machinery of finance, are operated with insurance funds.

The same methods and practices formed the subject matter of the accusation of the Policyholders' Association even so late as 1929:

1. That the management of the Sun Life did at various times and in various ways use the funds of their policyholders to inflate the securities of pulp and paper companies to the detriment of that industry and at the risk of heavy losses to the policyholders.

2. That the management of the Sun Life did at various times and in varied ways transfer from the funds of the company large amounts and place them to the credit of the shareholders.

3. That the unsettled death claims of Sun Life as compared with that of other life insurance companies were exceptionally and unreasonably large and this fact would seem to be responsible for the many unjustified attempts which the Sun Life has made to compel beneficiaries to accept smaller amounts than their policies called for.

4. That as compared with other companies the death rate, lapse rate, surrender rate, and cost of doing business was too high, due evidently to a desire for a large premium income irrespective of cost.

5. That an unreasonable amount of policyholders' funds were being put into head office and branch office buildings which were unprofitable and could not be justified on sound life insurance principles.

6. That the book value of the assets of the Sun Life were from time to time written up in a manner calculated to mislead policyholders and misrepresent the true state of affairs.

7. That the management of the Sun Life did without the consent of its policyholders and in its contracts alter its methods of distributing surpluses by deferring the payment of a portion of such surplus until after the death of the insured.

Mr. Speaker, if matters are as they have been presented in this accusation made by the policyholders, they constitute a strong argument against stock insurance companies and a good case for the mutualization of our insurance companies, or, what is still better, state control of insurance. In the United States the great majority of insurance companies are now mutualized. As the president of one of those companies put it:

"Public opinion is now educated to the point of believing that life insurance is a trust; that no set of stockholders have a right to exploit that business for their own profit; and that money saved out of the earnings of men for the protection of widows and orphans should not go into the pockets of stockholders."