

Supply—Veterans Affairs

of the fund. With that intake and outgo, there remained in the fund as at March 31, 1950, a total of \$6,307,889.88.

The Deputy Chairman: The hon. member for Yale.

Mr. Harkness: Mr. Chairman, I had another question.

The Deputy Chairman: Order. I think the hon. member should consider giving other hon. members an opportunity of asking questions. I understand that he wants to pursue a certain line of questioning; but suppose, for instance, he would like to pursue it for another twenty or twenty-five minutes. In that case no other hon. members could put any questions. He can always revert to his line of questioning.

Mr. Jones: My question has been partly answered. I wonder if the minister can tell us the total amount of insurance carried or the value of the insurance carried, the amount of premiums held by the government and, if possible, how those premiums are invested?

Mr. Gregg: The total value of the policies in force is \$68,286,000 odd.

Mr. Johnston: How many have lapsed?

Mr. Gregg: On March 31, 1950, there were 1,092 lapses.

Mr. Jones: What premiums in total are held against this liability?

Mr. Gregg: The sum of \$5,996,000. That is held by the Department of Finance.

Mr. Harkness: I was going to ask that question. Apparently there are premiums of \$5,996,000 held against the policies. The total payments that have been received are \$6,700,000. Is that extra \$900,000 what might be called profit, or what is the basis of it?

Mr. Gregg: Perhaps this might answer my hon. friend's question. The total disbursements on account of deaths and so on, payments on policies, have been \$311,021.83, leaving a net balance of \$5,996,868.05, or a total of \$6,307,889.88.

Mr. Wright: What interest does the Department of Finance pay, if any, to the insurance fund for the reserve of which they have the use?

Mr. Gregg: It is 3½ per cent.

Mr. Harkness: I do not think my question has been answered yet. There is a difference in the amount held as premiums against the policies of \$5,900,000. Apparently there have been disbursements of \$311,000. That still leaves some \$500,000. My original question was as follows: Was the \$800,000 profit, or what might be called profit? Apparently

[Mr. Gregg.]

it has been reduced by the \$311,000. I do not know whether that is actually so or not. Apparently you still have \$6,700,000 on hand.

Mr. Gregg: I will be glad to send my hon. friend a copy of the balance sheet.

Mr. Lennard: When a private insurance company issues a policy the general rule is that if the policyholder pays in anything over possibly three premiums he has a paid up policy of some amount. Does that apply in this instance? If a veteran pays in for four years and then allows his policy to lapse has he any stake in it? If not, that is a departure from the general practice of insurance companies.

Mr. Gregg: The principle is incorporated in the insurance. I have not here the exact number of years, for instance, at which it remains paid up. The principle is incorporated in this insurance.

Mr. Johnston: A moment ago the minister gave the number that had lapsed. The number was well over a thousand. I could not catch the odd numbers. In any event can the minister give us the reasons for those lapses? How long do they have to reinstate their policies if they so desire?

Mr. Gregg: I presume the reasons would be the well known reasons why many of us have allowed our insurance in ordinary line companies to lapse—they did not have the money. If the man finds that he can get over whatever difficulty caused his policy to lapse he can renew his application and take out a new policy.

Mr. Johnston: How long a period does he have to reinstate it?

Mr. Gregg: Until the cut-off date, whenever that may be set. He can come back and apply again. Perhaps the hon. member means, how long would his policy run if it had been going for several years. I cannot give him that information offhand. I will try and get it for him.

Mr. Johnston: Is there any cash refund if he does not carry the policy on?

Mr. Gregg: This perhaps will throw some light on it. I said that the number that had lapsed was 1,092; but I am advised that there have been a total of 3,505 lapsed. Of those 3,505, 2,413 have been reinstated, leaving a net of 1,092 that are still lapsed.

Mr. Johnston: Is there any cash refund on those that are not reinstated? What is the rate of interest that is paid on their investment?

Mr. Gregg: I will get that information for my hon. friend.