

INSURANCE BILL IS INTRODUCED IN PARLIAMENT.

The important provisions of the bill introduced by the Minister of Finance, Hon. Mr. Fielding, this week, respecting insurance, so far as the life insurance branch is concerned, are as follows:—

1. **Trustees.**—A company formed elsewhere than in Canada may appoint a trust company, approved by the Minister as trustee for the assets of the company required to be deposited in Canada in respect to its Canadian business. The present personal trustees are not to be disturbed, but when a change of trustee is proposed, then a trust company must be appointed.

2. **Statements.**—In addition to the annual statements required from all life companies a quarterly statement is required, as of the last days of December, March, June and September, to be filed within 15 days thereafter, setting forth all bonds, stocks, debentures and other securities bought and sold during the specified quarter. These reports are to be embodied as an appendix to the annual report of the superintendent.

3. **Investigation by Superintendent.**—The superintendent is empowered to visit the head office of any United States company, to examine its books and records there relating to its business within Canada.

4. **Separation of Expenses.**—The expenses of the companies are to be returned in detail, and the expenses of obtaining new business is to be separated from the expense in respect of renewal business.

5. **Valuation of Policies.**—Companies are to return in detail all policies for valuation once in every three years. The basis of valuation contained in the present Insurance Act is adhered to, but it is allowable for any Canadian company to deduct from its total reserves, as determined by the present statutory provision, the difference between the whole life premium and a one year term premium, as at the issue of each policy, the difference to be made up in equal proportion during the first five years' history of the policy. It is required that each company, no matter what its valuation basis may be, shall ascertain the value of its policies according to the statutory basis, also the amount of the special allowance, and to report the same to Government. Annuities are to be valued on the basis of the British Office's Select Life Annuity Tables, 1893. Companies are not to be permitted to value their business on a higher interest than 3 per cent. If a company values its business upon a higher basis than the present statutory basis, the superintendent shall, when he values the company's policies each three years, do so upon the higher basis on which the company voluntarily valued its policies.

6. **Amalgamation.**—Power is given for one company to amalgamate its business with, transfer its business to, or reinsure its business in another company, only upon the following conditions:

(a) After an agreement for such amalgamation to transfer or reinsure has been entered into, the directors of the companies may apply to the treasury board to confirm the same. Before application is made to the treasury board, notice together with (1) statement of the terms of the transaction; (2) an abstract containing the material facts of the agreement; and (3) copies of actuarial and other reports, are to be served on every policyholder.

(b) The agreement is to be open for the inspection of policyholders and shareholders at the principal office of the company for 30 days.

(c) A copy of the notice is to be published in the Canada Gazette for 30 days.

(d) The treasury board will not sanction amalgamation, transfer or reinsurance, in which policyholders representing one-fifth of the total amount assured dissents from the same.

(e) No company which has an impaired capital shall be permitted to amalgamate its business with, transfer its business to, or reinsure its business in, any other company whose capital is also impaired; or if the capital of the combined companies after such amalgamation shall be impaired.

(f) Ten days after the completion of the amalgamation, transfer or reinsurance, the continuing company shall deposit with the superintendent of insurance certified copies of the statements of the assets and liabilities of the combined companies; a statement of the terms of the amalgamation, transfer or reinsurance; copy of the agreement under which such transaction took place; certified copies of the actuarial and other reports; a declaration to the effect that a declaration made by the president and manager of each company concerned, that every payment made or to be made has been fully set forth, and that no other payments are to be made either in money, policies, bonds, valuable securities or other property.

7. **Expenses of New Business.**—It is provided that after the 1st January, 1909, no company shall expend for first year commissions, for compensation not paid by commission for services in obtaining new insurance, for medical examinations, for advances to agents, an amount exceeding the total first year loadings, and the amount of the special deduction allowable on the valuation of the policies. All bonuses, prizes, and rewards to agents are prohibited, as also additional commissions or compensation based upon the volume of new or renewal business.

8. **Advances to Agents.**—Companies are prohibited from making a loan or advance to an agent without adequate security. No loan or advance may be made upon the security of commission to be earned by the agent, except advances against compensation for first year of insurance.

9. **Compensation to be Authorized by Directors.**—No salary or compensation is to be paid to any officer or director, agent or other person, exceeding \$5,000, unless first authorized by the directors.

10. **Term of Agreement.**—Agreements with officers or salaried employees are not to be for a greater period than five years.

11. **No Commission to Officers or Directors.**—No contract may be entered into with any director, officer, or other employee of the company, (except with agents employed to solicit insurance), for the payment of commissions in respect to the business of the company or any portion thereof.

12. **Pension Fund.**—In order to secure the most efficient conduct of the business, companies may make by-laws for the creation of staff pension funds, provided the arrangement is approved at an annual or special general meeting of the company.

13. **Investments.**—(1) Powers of investment of all companies are proposed to be made uniform, including companies whose head offices are in the United States or Great Britain. All provisions of any company's act giving wider powers are proposed to be repealed.

(2) Companies having investments other than the prescribed investments are obliged to realize upon the same within five years after the passing of the Act. The time, under certain conditions, may be extended to six years.

(3) The securities which may be invested in are debentures, bonds, or other securities of the Dominion, or guaranteed by the Dominion of Canada, or of any Province of Canada or of the United Kingdom, or of any colony thereof, or of any foreign country or state wherein the company carries on its business, provided the treasury board approves of the securities; the securities of any municipal or school corporation in Canada, or elsewhere where the company is carrying on its business.

(4) The bonds of any company incorporated in Canada or elsewhere where the company is carrying on business, provided the same have been issued for at least five years, secured by a mortgage to trustees upon the company's real estate and other assets, and which real estate and other assets are of a market value of at least 25 per cent. in excess of the amount of the bonds so secured; and provided further that no default shall have been made in any regular interest payment upon such bonds for a period of five years.

(5) The debentures (not secured by mortgage) of the companies before referred to, which debentures have been issued for at least seven years, and provided no default has taken place in interest payments for a period of seven years.

(6) The preferred stocks of the aforementioned companies, provided dividends of at least 4 per cent. have been paid for seven years preceding the date of purchase.

(7) The common stocks of such companies, provided dividends of 5 per cent. have been paid for ten years preceding the date of purchase.

(8) Not more than 20 per cent. of the total issue of bonds, debentures or stocks respectively of any such companies may be invested in.

(9) Mortgages on real estate in Canada or elsewhere where the company is carrying on business, provided that the amount paid for such mortgage shall not exceed 60 per cent. of the value of the real estate covered by the same.

(10) Life or endowment policies of companies licensed to transact business in Canada.

(11) The companies may loan their funds on any of the bonds, debentures, stocks or other securities referred to above as being eligible for purchase.

(12) Real estate or leaseholds in Canada, or elsewhere where the company is carrying on business, with the proviso that no loan shall exceed 60 per cent. of the value of the real estate which forms the security of the loan.

(13) The securities purchased or loaned upon other than Canadian securities must not exceed by more than 20 per