

and he has to refer to an Act of Parliament passed some twenty years before to find out that his profits are limited to a very small percentage. But if this question is going to receive consideration, if the Minister of Finance states that there will be a clause in the Insurance Bill which will deal generally with all companies, I am quite ready to waive my objection.

Mr. FIELDING. There is a clause in the Insurance Bill dealing with the method of distributing profits and raising this very question, so that my hon. friend will have an opportunity of dealing with the whole matter on that clause.

Bill reported, read the third time and passed.

#### GREAT WEST PERMANENT LOAN COMPANY.

House in committee on Bill (No. 40) to incorporate the Great West Permanent Loan Co.—Mr. Alexander Haggart.

On section 9—Securities for investments.

Mr. SPROULE. It is provided here that the company 'shall not invest in nor loan money upon the security of the stock of any other loan company except as hereinafter authorized.' That would indicate that they are authorized to invest in the stock of any other company not a loan company. Is not that too wide a power?

Hon. W. S. FIELDING (Minister of Finance). This clause is the same as in the Acts of other similar companies, and is the same as in the general Loan Company's Act.

Mr. SPROULE. On section 16, subsection c,

(c) Delegate any of their powers to committees consisting of such member or members of their body as they think fit, and any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the directors.

There was a company started some years ago that adopted this plan of committees, and it seemed to me a very bad one; it proved very disastrous to those who had bought stock in the company. The plan I refer to is that of having a committee in each village or locality. The present section seems to give the company the right to delegate any of their powers to committees. The committees might be given certain limited powers, but the company should not have the right to give any committee the power to incur an obligation, borrow money or anything like that. In the York Loan Company that had such a disastrous history lately, that was one of the features; they had committees all over the country. I think these commit-

tees should only do certain routine work, become inspectors, report on property, look after collections, and such things as that. These things could well be done by a committee. But when you go beyond that you are giving them too large powers.

Mr. FIELDING. I think the clause is a usual one, and the superintendent informs me that no case has been brought to his notice of any abuse arising from it. Of course, it is a somewhat broad power to give the company to allow them to delegate their powers to a committee. I take it that the chief purpose of these committees is to encourage local business and create an interest in the company. I would not call them canvassers, although they do seek business for the company. It is to be presumed that the central authority would only delegate to them such powers as may be safely exercised. I am not aware of any real abuse having arisen under the clause. As respects the York Loan Company, I did not understand my hon. friend to say that the troubles arose from the operation of these committees.

Mr. SPROULE. I can only say that having watched the operation of some of these companies I always regarded this as a bad feature. Here is what they usually do: An agent goes to a village, he wants to rope in certain parties and form a committee for the purpose of doing business in that locality. He makes one chairman, he makes another an inspector, he makes a third a secretary. Each one has a duty to perform, and they are paid in proportion to the amount of work done in that locality. These are all paid officials, though the remuneration they receive is small; but the higher the amount of work done and the larger the loans, the more they are paid. They are all interested parties, interested in getting business for the company, they are concerned in the amount of business they can get for the company. I have thought how easy it would be for the inspector to join with the agent, and with the secretary, and with the chairman, and recommend loans where the security was not perhaps very good, larger loans than they ought to recommend, and do it because they would get a larger commission for it. Individually I do not think they are under any bonds to make them liable for anything they might do improperly, although the general law would cover it. They represent to the public: If you will put your money into this company it will pay you back within a few months, or within a few years a certain return—and it is a return which no company could give legitimately. I know that to be a fact, because I have examined two or three of them, and I know the returns which they promise to give are such that no respectable company in the world could give if they were carrying on a legiti-