

Insurance Companies—Mr. Cahan

Mr. HEPBURN: That is the point I am trying to make. The laws of New York do not allow this company to do business there because of the methods it employs. Now, as I understand it, this company has been forced to deposit in other countries, in order to do business there, larger securities than are demanded by the Department of Insurance in this country; and if the assets of this company continue to be impaired, the residue we shall have left will be little, particularly if we let the company go on declaring dividends and transferring out of capital account—because they cannot transfer out of profits when there are no profits—huge sums to the credit of the shareholders. The only thing to be done by the company is to mutualize. There is no way of satisfying public sentiment without taking action in that direction. I hesitate to bring this to the notice of the parliament of Canada—

Mr. ERNST: Are you a policyholder?

Mr. HEPBURN: The hon. gentleman asked me that question four years ago. I am one of 250,000 policyholders in Canada, but to satisfy him I may say that I am cashing in my policy in the Sun Life because I sincerely believe that the assets of the company are seriously impaired, and I do not like the management.

Mr. ERNST: I am keeping mine.

Mr. HEPBURN: Well, that is the difference between us. I do not think the people of this country will be satisfied until some more definite action is taken by this parliament.

Hon. C. H. CAHAN (Secretary of State): In the year 1927 I introduced the bill regarding the Sun Life company. I attended every meeting of the committee which had that bill under consideration. I listened throughout to every word of the evidence given in that case, and I must say that the statements made by the hon. member for West Elgin (Mr. Hepburn) as to what took place, and the reasons which were urged why the capital stock of the company should be increased, are not in accordance with the facts. Furthermore, before introducing that bill, although not interested in the Sun Life in any way except that I have a policy of \$2,000 or something like that, paid up, I went into its returns and examined into the facts; and I am thoroughly convinced that never up to that time—I do not know about last year, but never up to that time—had one dollar of money which had accrued for the benefit of policyholders been diverted from those policyholders by that

[Mr. Bennett.]

company. On the floor of this house or in the committee, I do not remember which, because I discussed it in both places, I pointed out to hon. gentlemen that one reason why I urged that the capital stock of the company should be increased was that in my opinion, under the charter as it then existed, the company had the right to issue stock up to \$4,000,000. It is true that some other hon. gentlemen took a different view.

Mr. HEPBURN: What view did the Department of Insurance take?

Mr. CAHAN: The privy council has determined that the Department of Insurance and hon. gentlemen who took the opposite view were entirely in error, and has decided that, under the charter as it existed at the time I introduced the bill, the company had the right to issue stock up to \$4,000,000. Further—and my memory is clear—I drew the attention of that committee to this fact, that in England a judge of the High Court, after considering the matter, had stated that in view of the volume of business carried on by this company, its capital stock should be increased. That was the main ground upon which I urged that the bill should be adopted, giving the opinion of the English court to that effect. So that up until 1927 when that debate took place, I am personally absolutely sure that there had been no diversion of the funds of that company from the policyholders' account to the shareholders' account, and I do not believe, in view of what I know of the gentleman in charge of the operations of that company, of the character of the board of directors and of the gentlemen who are managing the company, that any such diversion has since taken place. I think it most inopportune in view of present conditions in this country that an attempt should be made to destroy a great financial institution such as that doing business throughout the entire world, upon allegations which have no basis in truth and which cannot be substantiated. That is the view which I take.

Of course, there has been depreciation in stocks and in bonds as well, but remember this, that under the law this company, with its head office in Canada, is bound to maintain a large investment in the United Kingdom, is bound to maintain a large investment in Australia and in other dominions, and in colonies of Great Britain. When the pound sterling on the 21st of September last went off the gold basis the values of those securities shrunk nearly one-third by reason of the value of the pound sterling shrinking. Their accounts in Canada are kept upon the dollar basis. I do not mean to say that that shrink-