

It is largely because of the rigidity of government contracts and the flexibility of company contracts providing cash surrender values that life insurance agents are enabled to remain in the business along with the government today, notwithstanding the current differential in rates. However, if Parliament concludes to allow cash surrender values and, accordingly, government contracts which are essentially on "all fours" with those of the companies are offered at subsidized rates, these agents will feel compelled, except in special cases, to cease their efforts to sell annuities, because they will be unable honestly to ask a client to pay more than the government charges for an identical contract.

Life insurance agents will also be frustrated in their efforts to merchandise all life insurance policies involving long term savings and may be driven into the position of selling purely protective forms of life insurance almost exclusively. Nor can a few government salesmen selling only one kind of security ever reach the broad cross-section of the public being served today by the companies' 10,000 agents with their wide variety of life insurance and annuity contracts providing for family security.

Since the companies will no longer be able to function effectively as the reservoir for a substantial part of the savings of millions of Canadians—a function which they are presently fulfilling to the extent of adding some \$250 million net to these savings each year—it follows inevitably that there will be a marked reduction in the overall savings of the Canadian people.

For the foregoing reasons it is submitted that cash surrender privileges should not be introduced in government annuity contracts by either direct or indirect means. Not only should clause (e) of subsection (1) of proposed new section 13 of the Act be withdrawn from the Bill, but the other provisions of the Bill relating to term certain annuities, refunds of purchase price, assignments, etc., should be reviewed and revised in order to make certain that none of them can be utilized to provide cash surrender values indirectly.

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The life insurance companies believe that the government should not continue in the voluntary annuities business at all, and certainly not with subsidized rates. However, if the government remains in the annuity field at subsidized rates, they urge:

- (a) that the maximum amount of annuity purchaseable be reduced substantially from the present level; and
- (b) that the cash surrender privilege be not granted.

The companies believe sincerely that the considerations outlined in this brief are of the utmost importance and that their contribution to the Canadian economy will be seriously endangered if Bill 23 is enacted in its present form.

### MEMBERS OF EXECUTIVE COMMITTEE THE CANADIAN LIFE INSURANCE OFFICERS ASSOCIATION

- Ætna Life Insurance Company, J. B. Slimmon.
- Alliance Nationale, Roger Des Groseillers.
- Bankers Life Company, E. M. McConney.
- Caisse Nationale d'Assurance-Vie, H. Ouimet.
- The Canada Life Assurance Company, E. C. Gill.
- The Commercial Life Assurance Company of Canada, E. B. H. Shaver.
- The Confederation Life Association, J. K. Macdonald.
- Connecticut General Life Insurance Company, Frazer B. Wilde.
- Continental Assurance Company, Howard C. Reeder.
- The Continental Life Insurance Company, N. J. Lander.
- The Crown Life Insurance Company, H. R. Stephenson.
- The Dominion Life Assurance Company, A. S. Upton.
- The Dominion of Canada General Insurance Company, J. E. White.