

Mr. MCGREGOR: The Canadian National Railways is the shareholder and it is the only one, and it appoints five directors.

Mr. BELL: The Board of Directors of the Canadian National Railways as such would appoint shareholders and directors of T.C.A. in practice?

Mr. MCGREGOR: That is right, appoint directors.

Mr. KNIGHT: Do not answer this question if it has already been answered before, because I was absent in another committee. With respect to this insurance fund, is it on record how it was built up?

The CHAIRMAN: Yes.

Mr. MCGREGOR: Not particularly with respect to this meeting. It is at the agreed ceiling of \$6 million as arrived at by the Board of Directors and it has been built up over the years by accruals to that fund. The rate of accrual was related to insurance premiums we would have had to pay to outside underwriters if we had done outside insuring.

Mr. HAMILTON (*York West*): Do you consider the balance in that fund as adequate?

Mr. MCGREGOR: Yes.

Mr. HAMILTON (*York West*): And it is cheaper than to carry it outside?

Mr. MCGREGOR: Very considerably; that \$6 million would be in the pockets of the insurance companies otherwise.

Mr. HAMILTON (*York West*): In connection with that item, have all the claims been made with respect to the two accidents we have had during the last year?

Mr. MCGREGOR: No. Over-all I would say about 60 per cent of them have been adjusted, and that the remainder are under negotiation.

Mr. HAMILTON (*York West*): That will not materially affect the financial statement?

Mr. MCGREGOR: No.

Mr. HAMILTON (*York West*): As a matter of fact, looking at it from the legal point of view, you have to pay anyway?

Mr. MCGREGOR: International passengers are limited.

Mr. HAMILTON (*York West*): Did T.C.A. have any representative taking part at the negotiation of the international agreement covering insurance and the liability treaty which is now before the House?

Mr. MCGREGOR: Only indirectly through IATA, which was present representing a number of carriers.

Mr. HAMILTON (*York West*): Are you aware of the provisions of that agreement? Do they pretty well fit in with your plan and meet your requirements?

Mr. MCGREGOR: It is not popular with some carriers, but I think it is a fair arrangement. The Warsaw Convention is extremely old.

Mr. HAMILTON (*York West*): Generally speaking you do feel that it is satisfactory to meet the international problem?

Mr. MCGREGOR: Yes.

Mr. HAMILTON (*York West*): And you would be satisfied with it?

The CHAIRMAN: Shall the balance sheet carry?

Mr. HAMILTON (*Notre Dame de Grâce*): There are offsetting items on the balance sheet in connection with the insurance fund. What do those assets in the insurance fund represent?

Mr. MCGREGOR: Money.

Mr. HAMILTON (*Notre Dame de Grâce*): Money?