

ups and downs in the curve of the value of the securities. Mortgages have depreciated in value. Stocks in great depressions depreciate in value. Aye, but more, bonds have depreciated in value. The bonds of the United States of America, regarded I fancy by most people as the foremost security in the world, their gold bonds carrying a low rate of interest, have so depreciated in value that the fall in some instances has been as much as ten per cent during the last year. A valuation of the securities at the low point of the curve would indicate a very great fall from the values they had in 1929 before the great depression. Those are factors that are always considered in connection with the business of life insurance. They must be, because the liability is one in futuro; the valuation is in the present. The valuation is based upon what the market demand is for the security at the moment. Well, if you applied that in a period of great depression, the position would be intolerable from the standpoint both of the company and of the insured. In the United States, where insurance is carried on upon a larger scale than in any other country in the world, as I pointed out the other day the representatives of forty-seven states, every state of the union except Connecticut, met together and agreed that, having regard to past experience and what reasonably might be expected in the future, the valuation to be placed upon the securities should be the average for the five preceding quarters, which would bring it down to the average price on June 30th last. It was considered that that would be a fair way in which to measure the value of the assets of the companies in which, of course, had been invested the premiums of all those millions of people who had paid in their money for the purpose of securing policies. We in this country followed the same course exactly.

There were two reasons for that. One was that our companies were carrying on business side by side with the American companies in practically the same states and would be subject to the operations of that law within those states, and uniformity was desirable in the balance sheets of the enterprises. The second reason was that we believed that Canadian companies carrying on a vast world-wide business should have the same opportunity as their competitors to place their balance sheets on a proper basis, having regard to all the fluctuations that have taken place during the years and will continue to take place, representing a curve up and down, with values high and low, provided always that in the opinion of the

[Mr. Bennett.]

actuaries and of the inspectors of our department the department could certify that these companies were solvent. Those who know Mr. Finlayson, the superintendent of insurance in this dominion, realize that we have in him a first-class actuary. Every company with which I have spoken—and I have had occasion in times past to know something of insurance, having been for many years a director of the Metropolitan Life Insurance Company, and knowing something at least of the conduct of business by the largest of the American companies—hold an opinion of our insurance department, of our actuaries and of our superintendent of insurance which leaves nothing to be desired. They believe that we have as fine a department, as well administered and as well officered, as any department of insurance in the world. That was their settled conviction as expressed to me, and I can only pass it on to this house for what it may be worth. Faced with that position, we entrusted our superintendent of insurance with the onerous and responsible duty of determining what the situation really was, and on the strength of his investigation he issued a certificate that the Sun Life was a solvent enterprise.

I have no policy in the Sun Life Assurance Company, nor have I any policy in the North American Life Assurance Company. Therefore I hope I may be credited with speaking with some degree of disinterestedness with respect to this matter. I need hardly say to the house that no matter with which I have had to deal in my official position gave me more concern than this. Why? Because it touched the lives of hundreds of thousands—yea, almost millions—of people, as well as of many yet unborn, and my duty was not to hazard anything to a mere guess, but to endeavour, by every means in my power, having regard to the fluctuations which have taken place in past years and the reasonable expectations as to the future, to see to it that without further instructions than those which I have indicated to the house as to values—that apart from that our officials should make a report which would enable me to say to the people of Canada and elsewhere, who were dependent upon the solvency of this great enterprise, that it was solvent. On that report I made my statement. I believe it is true. I believe the Sun Life Assurance Company is as solvent as any company transacting the business of life insurance need be. I believe it to be solvent because those charged with the responsibility have assured me that on any calculation of liabilities, based upon any tables of mortality and the earning power of money, that is true. I have said that to my fellow