

of the shareholders as it is in the United States and as is here to-day.

The policy-holders' money represents the savings of the people actually handed over to the extent of \$150,000,000 and 800,000 policies, representing 400,000 policy-holders and over \$700,000,000 of capital. The money invested is the life blood of a large portion of the nation's activities. There are two parties in this field of investment, the shareholders and the policy-holders. Broadly the shareholders govern. There is only one mutual company in Canada and the policy-holders pay the money which keeps the thing going and which makes the shareholders' money very lucrative. The policy-holders have hardly any voice in the management. The Canada Life has six policy-holders directors who have no voice in anything relating to the capital stock of the company. The profits to policy-holders have decreased and the expenses have increased. Why should the premiums of old policy-holders be drawn on for wild chases after foreign business. It costs very little to take care of the policy-holders premiums already paid. The profits made with his money are going into extravagant expenses. Look at this table of the Canada Life :

|                       | Premium income. | General expenses. | Expense percentage on premium income. |
|-----------------------|-----------------|-------------------|---------------------------------------|
|                       | \$              | \$                |                                       |
| 1896.....             | 2,025,716       | 355,810           | 17.5                                  |
| 1904.....             | 3,043,178       | 921,600           | 30.2                                  |
| Increase....          | 1,017,462       | 565,890           | .....                                 |
| Per cent increase.... | 50 p. c.        | 159 p. c.         | .....                                 |

Agents' commissions on—

|                                |         |
|--------------------------------|---------|
| Deferred dividend.....         | 65 p.c. |
| Non-participals.....           | 45 "    |
| Renewal profit policy.....     | 7½ "    |
| Renewal non-profit policy..... | 5 "     |

Can any man in this country justify the president of a life insurance company or a member of his family taking 7½ per cent every year of the renewal premiums on policies in the company? Now that is a scandal that exists in this country to-day, namely that the president of one of the largest companies in this country, between himself and his own family takes 7½ per cent on the renewal premiums of the policies of that company as commission every year. There are contracts of that kind existing and the policy-holders of this country do not know it. Yet it has been admitted and admitted in an indirect way but I say insurance of that character cannot be justified. It is not in the public interest; on the contrary it is a money making scheme for capitalists who choose to get into that business. It gives them control of

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immense sums of money and puts them in a position to use those funds, perhaps legitimately but also to use them for their own personal advantage as they have used them. It allows them to underwrite questionable securities as the insurance funds of this country have been used and in view of that fact why should we come here in parliament and refuse to take up a question of that kind? Why should we hurry up and get through when things of that kind have to be investigated and have to be rectified? The policy-holders have paid for profits which the companies have earned, but not distributed, except in very small proportion, to the policy-holders. Promises to the policy-holders have not been carried out. Ninety per cent of the policies issued in this country are of that specious kind 'with profits' according to the Armstrong Commission in New York these deferred dividends are bad in principle and ought to be prohibited. I have already pointed out that 90 per cent. of the policies in this country are of that kind, and that they ought to be immediately abolished.

Subsidiary to this exploitation of these trust funds there has grown up a practice of what is called in the United States associated corporations for doing business with insurance companies. Those who control these investment companies also control insurance companies and by reason of this improper exploitation the reserve of insurance companies there has developed the practice of putting the trust funds of insurance companies in schemes that have not been justified and are of a purely speculative character.

The underlying principle of insurance must be that these trust funds must be invested only in gilt edged securities as all trust funds are. Instead of carrying out that principle, the president of the Sun Life boasts that he looks askance at government and municipal bonds, and prefers those enterprises which have been enormously watered and in which common stock is given with the bonds which may later turn up in the insurance company's books as silent assets. Now there is the president of the second largest insurance company in this country, the Sun Life of Montreal, who says he looks askance on the investment of the policy-holders' millions in government and municipal bonds, and prefers to invest those millions—and he has in his charge, I think, over \$30,000,000 of policy-holders' money—in all kinds of traction companies which are highly watered, and give free paid up stock with the bond issue. Is that in the interest of the policy-holder of this country? Is that discharging the duty of a trustee in connection with these funds, that these directors are supposed to discharge? I do not think it is and I think it is high time that parliament, in the interest of the policy-holders, should undertake to regulate the shareholders and those who control and manipulate these insurance