

Q. And the amount paid out last year was, what?—A. I haven't got the figures for that amount with me, but it will obviously be approximately \$16 million, which represents the amount of annual payments on vested annuities. As well as that, there are further payments, surrender values, death benefits on annuities which have not yet vested.

Q. There is the other relationship which could be worked out, the difference between your figures and the government figures. We were informed the other day that there were 275,000 government contracts, of which 55,000 were vested; and the net premium receipts in the last year were \$59 million, and the annuities benefits paid were \$24 million, and there were other differences. On the other hand, from the government figures and your own figures, there seems to be about the same amount of business in force, it seems to be about evenly divided.—A. I would think that was a fair remark, Mr. Knowles. At the present time about half the annuity business in Canada is being done by the government and about half by the companies.

Q. And the relationship of the business of the life insurance companies with respect to annuities as compared with other forms of life insurance is a factor; how large a factor is it in the total activities of insurance companies?—A. Well, in the case of policy reserves which in effect are the amounts of savings accumulated to date under insurance and annuity plans, for the companies about 20 per cent of their policy reserves are annuity reserves; in other words, of the savings which are held, about one-fifth are held in the form of deferred or vested annuities; and, in addition to that, there are large numbers of endowment insurance policies which contain substantial savings elements. For instance, in the case of a long term endowment maturing at age 65, the savings in such a policy are included in our insurance reserve, but frequently that type of policy would be paid in the form of an annuity. So, as I have indicated, about 20 per cent of our reserves are in the form of annuities. However, there is a substantial but unknown part of our insurance savings which will be turned into annuities.

Q. In other words, you say that one-fifth of your business is in the annuity field and the other four-fifths is in endowment policies and other forms of insurance?—A. That is, if you measure according to the savings to date in these contracts. Now, that is about the only satisfactory method of measuring how much is being saved in a company under annuity policies in relation to the company's total insurance business. In recent years the annuity reserves have been increasing more rapidly than have the life insurance reserves.

Q. Now, I want to ask you another set of questions which are related to this, perhaps only in a limited way. You have already referred to the change in rate in government annuities in April of 1948. Perhaps you will pardon me for the comment that I would like to make, that you people did not come here in 1948 and object to that change in rate.—A. No, we did not.

Q. Some of us thought that the result of that might be to transfer the business that had been written on government annuities to private insurance companies. However, the figures would seem to indicate that the net result of that change had little or no effect on your business but that it had a quite disastrous effect on government business. The number of contracts sold by the government annuities branch in the years immediately following that change of rate was cut roughly in half while the annuities sold by the private companies remained at just about the same figure. So it would seem, in other words, that the result of that change was not to hurt you; or, was not to help you, but certainly hurt the other business. I just wondered if in the light of that experience you were on sound ground in anticipating that this change is going to affect your business adversely. Might it not be that this change would increase the government business and put it very much the same as it was in 1948?—A. Well, Mr. Knowles, don't forget that at or about that same time