

By Mr. Sales:

Q. You want a three months' bonus when a man is prepared to pay his loan off?—A. Sometimes we exact it, and sometimes not; it depends on whether or not the loan has been running for sufficient time to absorb the commission charges. Supposing we arrange a loan to-day, and in three years the farmer wants to pay it back. We have already paid one per cent commission, which amounts to $\frac{1}{5}$ of 1 per cent per annum. There has been $\frac{3}{5}$ of that commission offset through the interest which we have received; therefore we have in some manner to get back $\frac{2}{5}$ of that commission. But we have no arbitrary rule. If the conditions are such that we think the farmer is entitled to pay his mortgage off without any bonus, he does not pay any bonus.

Q. Has your company ever considered adopting the amortization plan, Mr. Bowman?—A. No, I cannot say that we have; in fact, we have not.

Q. Do you not think it would be an advantage to both parties?—A. Well, it might be, Mr. Sales, I think that is a matter for very frank and open consideration and discussion.

Q. In this respect, that the new man going on finds a five year term mortgage due in his first year. —A. Well, of course, the five-year mortgage does not, after all, mean anything. You take, even the ordinary loan companies who lend their money out simply for the purpose of making profit on it for their shareholders, borrowing money in the Old Country, and borrowing money on debentures at a low rate, and investing it out in the west in order to make profit. Even in those cases a five-year loan does not mean that it is a five-year loan from the standpoint of the life insurance company. When they once invest their funds, because the life insurance business is an entirely different business from the loan company's business—when we get our funds invested, we want to keep them out, so that a five-year loan to us does not mean anything.

By Mr. Sales:

Q. The amortization plan should be a better one for you.—A. I think there is a great deal of force in your argument, Mr. Sales, not so much from the standpoint of the company, probably, but it is a matter that I have not considered, and therefore I am simply answering questions offhand on matters that I have not considered. But I can see where it would be an advantage, and there is an advantage to the farmer. If the farmer is carrying on, on a sound economic basis, and is careful with his funds, he has a definite obligation staring him in the face every twelve months. He makes a definite effort to meet that payment, and he makes it, and under the amortization plan he has wiped out his interest, and part of his capital indebtedness.

By the Chairman:

Q. Very much in the same way that a man is paying for his twenty-year life policy?—A. Yes.

By Mr. Sales:

Q. Have you had to pay the taxes for many of your mortgagees?—A. Yes, we paid out enormous amounts of money.

Q. In Saskatchewan?—A. Yes, and in Manitoba. Manitoba has been the worst offender in the last six months.

Q. Have you any idea of the amount, Mr. Bowman?—A. No, I overlooked that, but it is a fairly substantial amount, especially in Manitoba, for some unaccountable reason. We have not been able to fathom yet as to why it should be so, but we paid relatively a larger percentage of taxes in the province of Manitoba than we have in Saskatchewan or Alberta.

[Mr. Charles M. Bowman.]