

one year—lapse. There must be something radically wrong when that takes place, and the minister should look into this matter. A survey has already been recommended by his inspectors, and I hope there will be a survey made of these companies, because I understand that one of them was asked not long ago to put up \$75,000 additional security in order to protect its policy holders. Are there any more of these companies in this same position? Is the department going to wait until there is a failure after the Home Bank fashion and some company is unable to pay its way? In the provincial field we find some of these fraternal societies are not solvent, and they come to the legislature year after year, and if you have a policy for \$2,000, they get power to mark it down to \$1,200. Some of these federal companies might become insolvent also in the future, and I say that a survey should be made of all these companies and some adequate system of inspection inaugurated in the interests of the policy holders. That inspection should include a government actuary, who would have power to go into these companies every year and make his reports to the government showing just in what financial position each company is. I would urge the minister to take the proper powers and compel every company to open its books.

Mr. CALDWELL: Does this inspection and supervision extend to fraternal insurance societies?

Mr. ROBB: Since 1919 to all such as have a Dominion charter and to foreign societies.

Mr. CALDWELL: Not to those having a provincial charter?

Mr. ROBB: Not to Canadian societies having a provincial charter.

Sir HENRY DRAYTON: I think the minister should make some reply to the strictures that have been passed by the superintendent, as shown in his report, and which have been read by the hon. member for North Toronto (Mr. Church). It shows an unfavourable condition. What is the trouble?

Mr. ROBB: It is probably true that there have been lapses, but as my hon. friend knows, this runs more or less in cycles. We had a somewhat similar experience in 1915. I recall that because I was then associated with a fraternal society, but they are all doing better now, and the insurance companies themselves are doing much to cure this condition by a follow-up system.

Sir HENRY DRAYTON: The minister also heard the suggestion of the hon. member in connection with appointing an actuary, the need for inspection, and the like. I do know that once upon a time we had very good actuaries and a complete inspection. Have we not that now?

Mr. ROBB: Certainly. We have that now. I was going to mention that.

Section agreed to.

On section 3.

Sir HENRY DRAYTON: While the superintendent is here, I would like to bring up one question. I have already had some communication with him about it in connection with the bill reported this year. I would like to find out what the policy of the minister is in connection with participating rates. It is about the one thing I think the superintendent cannot really control at all, and it is one matter in connection with which the returns of some companies at least are very, very disappointing. These participating rates have been merely a fraction in some cases of what the bank interest would have amounted to on the extra premium during the same period. The idea of the extra premium is to earn the profits. It has nothing at all to do with the life risk, which is covered in the straight rate. I hope the minister understands what I am drawing to his attention. There is no question here of the risk of the company, because that is covered by the basic rate. It is just a question whether these higher rates and some dividends that have been shown are at all fair to the public, and whether or not straight life business ought to be the business which the department should encourage and look after.

Mr. ROBB: Competition takes care of this, and it was never keener than it is now between the life insurance companies. Participating rates are being greatly reduced. My hon. friend will recall that the life insurance companies suffered very heavily during the war period, and consequently their profits were reduced, and that, of course, affected the dividends to the policy holders.

Sir HENRY DRAYTON: The tendency at present is to get away from these participating profits as much as possible.

Mr. ROBB: And that, consequently reduces the rates that are charged.

Sir HENRY DRAYTON: The two classes of insurance are entirely different. There is