

stockholders in this country, who have invested their money, in good faith, in the stock of our Canadian life assurance companies; and with the exception of a few, who are in touch with the management of the companies, these stockholders know nothing about the nature of this proposed legislation, and are entirely innocent of any wrong doing. It seems to me impossible that such legislation can be seriously contemplated, when you see its true bearings. What has been the earning power of these \$4,465,104.01 for the last year? I have looked into the matter and find that the amount earned on the total capital invested last year was \$272,933, which is just 3 per cent on the investment, without taking into account the premiums which were paid into the companies on this stock by the stockholders. Some of the companies have paid more than that, but some have paid less, the average of all being 6 per cent. It cannot be demonstrated that any wrong has been done, as between policyholder and stockholder, yet you propose to pass legislation that will permit absolute confiscation of the shareholder's property. Really, I cannot think this can be seriously contemplated.

I now desire to refer specifically to one or two sections of the Bill and then I shall be finished. First I wish to refer to section 58. There has been a difference of opinion as to the interpretation of this section, and what I have to say in this regard depends a great deal on the interpretation which is placed upon the section reading as follows:—

58. No such life insurance company shall make any contract with any director, trustee, officer, employee or servant of the company, save such agents as are employed to solicit insurance, to pay any compensation or reward whatever by way of commissions in respect of the business of the company or any portion thereof: Provided however, that this sub-section shall not apply to insurance personally solicited and secured outside of office hours by any employee or servant not being a director, trustee or officer of the company.

Now, gentlemen, it depends entirely upon what you mean by that. If the purpose of that section is what the managers thought it to be, namely: that no company shall pay any of its chief officers, that is Head Office officials and clerks at the Head Office, a commission, I have nothing to say about the section whatever. That is a matter for the managers to deal with. If they have approved of it after having interpreted it this way, I have no comment to make, except that it should be made specifically clear as to what is meant by 'save such agents as are employed to solicit insurance.' If that is not intended to include agency managers and general agents, then the section becomes a serious hardship and will affect the companies, the agents and agency managers adversely. A new company, for example, can now employ a general or managing agent on commission, but if agency managers are not understood as being included in the term 'save such agents as are employed to solicit insurance' then every company must employ its managing agent on salary. If that is the case it can only result in a higher expense ratio and be a great hardship especially in the case of young companies. If the interpretation of the managers is correct, and I presume it is, then there should added after the words 'save such agents as are employed to solicit insurance' the words, 'including agency managers and general agents' and such other words as you may think fit to make it quite clear. You might add also the words, 'not being directors, officers or trustees of the company.'

The next section to which I wish to specifically refer is section 94. I look upon the principle contained in that section as one of the most serious in the bill, and I will tell you why. In 1899 we passed retroactive legislation, the effect of which was to force a lot of the surplus which had accumulated to the policyholders, out of the surplus and into the reserve. Part of that law goes into effect next year, 1910, and the remainder in 1915. Only eleven out of the twenty-two Canadian companies have so far complied with the provisions of the law, therefore the balance of them will have to make provision to meet that increased liability in 1910 and five years later in 1915 the balance of the reserve will have to be put up. This brings about a most anoma-