

made compulsory on foreign life insurance companies, it might lead the public to suppose that the solvency of such companies was guaranteed by the British Government.

"(V) That any such deposit might seem to imply a statutory basis of valuation, the tendency of which, it has been pointed out, would be likely to weaken rather than to strengthen reserves.

"(VI) That any such deposit of securities would appear to give an unfair advantage to British subjects holding policies in a foreign company, while under such limited State supervision it is doubtful whether the policy-holders would be as well protected as they are by the control, through publicity and freedom, which exists with regard to British companies.

"3. In view, therefore, of the evidence which they have heard, the Committee do not consider that, in the interests of British policy-holders, it is desirable to compel foreign companies to deposit funds in this country.

"4. But the Committee, although they cannot recommend that any obligations should be placed on foreign companies to which British companies are not also liable, are of opinion that foreign companies which do business in this country should be placed as far as possible in the same position as the British companies with which they compete. They should, in fact, be made as far as possible to comply in all respects with the requirements of the Life Insurance Companies Act of 1870.

"5. The Life Insurance Companies Act of 1870 seems, on the whole, to give general satisfaction, inasmuch as it insures a full measure of publicity in the accounts of all British companies and gives ample legal remedies to policy-holders.

"In some respects, however, in view of the great increase of insurance business, the Committee are of opinion that certain amendments are desirable.

"6. The deposit of \$100,000 with the Accountant-General of the Court of Chancery, which the Act of 1870 makes obligatory on any new company, whether foreign or British, has undoubtedly had the effect of preventing the formation of mushroom companies. But under the Act a company is permitted to withdraw this sum as soon as the premiums amount to \$200,000. The Committee are aware that this sum of \$100,000 would be of little use to meet the liabilities of the larger companies, which do business in this country; but they feel that if this amount were deposited and could not be withdrawn by any company, it would afford an absolute guarantee to policy-holders in foreign companies of being able always to proceed if necessary against such companies in the courts of this country.

"The Committee, therefore, recommend that every company which carries on business in Great Britain should be required to maintain this deposit of

\$100,000 permanently, so long as any policies continue outstanding in this country.

"Some of the foreign and colonial companies which carry on business in the United Kingdom at the present time have made a voluntary deposit with British trustees of securities to a value considerably greater than \$100,000 for the purpose of meeting any claims made on them by their policy-holders in this country. Although the Committee, as they have already pointed out, cannot recommend that such a deposit of funds should be made compulsory on foreign and colonial companies, they yet feel that the appointment of British trustees to act for such companies is highly desirable, not only in the interests of British policy-holders but also in the interests of the companies themselves.

"7. The Committee believe that experience has proved that the best means of guarding the interests of policy-holders in all insurance companies is by insisting on the fullest openness in the accounts of such companies.

"They, therefore, recommend that all insurance companies, whether British or foreign, should be required to furnish the Board of Trade with the full revenue accounts, balance-sheets, and valuation statements of their business, showing at the same time the expenses of management.

"8. At the present time the Board of Trade have no powers to vary the returns to be made by insurance companies under the Act of 1870, nor can they apparently compel companies to amend their deposited returns. The Committee recommend that the Board should be empowered to vary from time to time the forms of the questions which insurance companies are called upon to answer and of the returns to be made by them, and also to insist upon such answers and returns being in every respect complete and accurate.

"The Committee recommend that in these returns it should also be made absolutely clear how far the funds of any foreign company are subject to preferential claims in any country in which it transacts business.

"9. The Committee are also of opinion that in all such returns the amount of the foreign business and of the business actually transacted in this country should be carefully distinguished; but they do not consider that it would be necessary for each company to make a separate valuation for its British and foreign business respectively, because they consider that the total assurance fund of every company should be liable for all policies alike.

"10. The Committee consider that it would be very desirable to provide for a statement in the returns made by all insurance companies, both British and foreign, of the market value of the securities held by them. This regulation is in force in other countries. The Committee believe that if it