

of any particular corporation and subject to the limitation that it cannot make mortgage loans in excess of 60 per cent of the appraised value or purchase securities in default.

Q. Then it could buy trusts of insurance companies. One more question. Has any company at any time ever requested the right to pay policy holders abroad in gold?—A. I do not recall any, sir.

Q. I wondered whether it would be of advantage to them because of the tremendous business our Canadian companies do abroad—whether, if they had that right, it would be of any assistance to them?—A. I doubt it very much. Our Canadian companies happily have a reputation second to none for prompt payments. Their reputation in foreign fields is certainly second to none. I cannot see that a provision to pay in gold, even if the government were prepared to furnish the gold for that purpose, would assist them; on the contrary, it would be dangerous because the premium would not likely be paid in gold.

Q. I understand a tremendous business is done in the Orient and that Canadian companies do a bigger business than—I think I am right—the United States and the United Kingdom put together?—A. They have done a very large business—yes.

Q. And in the unsettled state of the Orient at the present time I wondered whether it might not be of advantage to them if they had the right to pay in gold?—A. I do not think so, sir. The liabilities incurred by our companies in those foreign countries are generally in native currencies that are known and understood and accepted by the policy holders in those countries.

Q. What happens when you get into a country like China where inflation takes place?—A. Well, both the assets and the liabilities go in the same direction—up or down, sir.

Q. And a policy holder in the Canadian government, say, in China cannot insure himself in dollars?—A. Oh, he can if he wishes. There are many Canadians, Americans and others working in the Orient who take policies in Canadian or U.S. dollars or sterling. Usually they would have an expectation of returning eventually to Canada or their home land.

Q. But the natives—do they do the same thing?—A. No, the native business is usually in native currency, broadly speaking.

By Mr. Hellyer:

Q. What are the percentage limits of mortgages in the United States and Great Britain?—A. There is no statutory limit in Great Britain. In the United States it is 60 per cent in some states, and it is 66 $\frac{2}{3}$ per cent in other states, and in at least one it is as high as 75 per cent providing the company puts a reserve in its balance sheet for the excess over 66 $\frac{2}{3}$ per cent.

Q. Have there been any requests from Canadian companies to increase that percentage?—A. We are always receiving requests or suggestions concerning many things. We have received requests to raise that limit but by reason of the high valuations and prices now prevailing, we have thought the present time particularly inopportune even to consider it.

The CHAIRMAN: Shall section 9 carry?

Carried.

Shall the schedule carry?

Carried.

Shall the preamble carry?

Carried.