(a) the debentures, bonds, stocks or other securities of or guaranteed by the government of the Dominion of Canada or of or guaranteed by the government of any province of Canada; or of or guaranteed by the government of the United Kingdom of Great Britain and Northern Ireland, or of any dominion, colony or dependency thereof; or of or guaranteed by the government of any foreign country, or state forming a portion of such foreign country; or of any municipal or school corporation in Canada, or elsewhere where the company is carrying on business; or guaranteed by any municipal corporation in Canada;

And so forth. Then under (b) are included the bonds of any corporation secured by a mortgage; debentures; the preferred stocks of any corporation which has paid regular dividends upon such stocks for not less than five years preceding, with certain provisos; common stocks, with certain provisos; real estate mortgages.

Section agreed to.

Section 15 agreed to.

On section 16—Further deposit if value declines.

Mr. EULER: Who makes the valuation, and on what basis is it made? Can it be made arbitrarily by the government as was done in the case of the securities of insurance companies?

Mr. RHODES: No, the valuation is made by the superintendent of insurance.

Mr. EULER: On the basis of the market value?

Mr. RHODES: He follows the market values as published from day to day in the security lists, which are a matter of common knowledge.

Mr. EULER: I was hoping that the valuation would not be made on the same basis as the arbitrary valuation made by the government, by order in council, of the securities of insurance companies.

Mr. RHODES: We will discuss that point a little later on, perhaps.

Mr. COOTE: Are any steps taken to notify the public if the minister withdraws the certificate of registry under subsection 2?

Mr. RHODES: Certainly the public would be notified by the insertion of an advertisement in the Canada Gazette.

Section agreed to.

Sections 17 to 24 inclusive agreed to.

On section 25—Valuation of security.

Mr. COOTE: I asked the minister before whether the provisions of this act will override the order in council passed last year.

Mr. RHODES: I think it would be a correct answer to say to my hon. friend that the order in council had reference only to the transaction as it resulted last year. It would have no bearing on the valuation of securities for the purpose of another year. For the purpose of another year we would have to conform to the provisions of this act.

Mr. COOTE: The order in council applied only to the one annual statement?

Mr. RHODES: To that one annual statement, yes.

Mr. COOTE: Under subsection 2 it would look as if the government might authorize the same thing in any year.

Mr. RHODES: It would be quite competent for the government to authorize similar procedure to take effect another year if it were thought desirable.

Mr. GARDINER: Would the minister explain just why it was necessary to value those securities in that way at a time like this, giving a false impression to the public as to the value of the securities held?

Mr. RHODES: I am satisfied in my own mind as to the necessity of the procedure. I do not know whether I can make it clear to my hon. friend, but I will try.

Contracts of insurance carry on into the future, covering a period of years. We must assume that normalcy or something approaching it will prevail sooner or later, and that the absurdly low valuations which now obtain for securities heretofore known as impregnable, gilt-edged, will not continue. If a company had to meet all of its obligations tomorrow, such a procedure would not be justified, but inasmuch as it does not need to meet all of its obligations to-morrow, but has to meet them perhaps ten, fifteen or twenty years hence, it has been universally regarded as proper and fitting not to value the stocks at their market price under panic conditions, to meet obligations which will mature in what might be called fairly normal conditions. The action taken by the government last year was precisely similar to the action taken with respect to insurance companies in every state of the American union. Precisely the same thing was done during the war. If it had not been done at that time several insurance companies would have become insolvent, whereas after the war, and when things had come back to what we thought were normal conditions, the securities of these companies rose to a point which afforded not only security but an ample margin of safety for the policyholders. I do not believe I can