

some degree to be more selective, if they wish, in accepting risks, because with lower rates business probably flows to them more readily.

The other fire and casualty companies do not, of course, like that system of so-called direct writing. The agents have not liked it. The agents in the fire and casualty field have for years, generations, felt that fire and casualty business is really theirs, since they can place it with whatever company they represent, and they may represent several companies.

Senator DAVIES: May I ask a question? It is only natural to assume that this new company to be formed will have a preference for the employees of Simpsons and Simpsons-Sears; but would it be possible for them to prevent their employees taking out life insurance in any other company?

Mr. MACGREGOR: Not that I know of, sir. The field of this company is not primarily amongst employees of Simpsons-Sears but amongst the public generally. So far as that point is concerned, the T. Eaton Life Insurance Company was incorporated 35 years or so ago primarily to insure the employees of Eatons and still confines its business largely to the Eaton organization; however, it does insure the public, too, and it has not given rise to any complaint of which I am aware.

Senator ISNOR: What about the investment of the employees' pension fund of this company; do they have any control over that?

Mr. MACGREGOR: I think the pension fund would be purely an internal matter for the Simpsons-Sears Company to decide.

Senator ISNOR: The responsibility would rest with Simpsons-Sears.

The CHAIRMAN: It would all depend. It may be managed under trustees or an insured plan, I do not know which, but it would have its own rules.

Mr. MACGREGOR: As I see it, one of the significant points is this: If an organization is or believes it is in a position to market insurance more efficiently, more economically, and therefore at lower cost to Canadians, should it be prevented from doing so? That has been the situation in the automobile insurance field, for example, with this organization. It has in a sense perhaps caused a small revolution in the fire and casualty field, but although it has increased competition greatly, I think it has had its beneficial results, too, in helping to cut down costs in the methods by which other companies were carrying on fire and casualty business. However, I would not expect this proposed life insurance company to have the same revolutionary effect on the life field in Canada as it has had in the automobile insurance field, notwithstanding that the Allstate Life Insurance Company of the United States has had a very rapid growth in the United States in the five years since it was incorporated. In the life field in Canada, an agent may only represent one life company, so there is in the life field now in Canada a very close and direct relationship between life agents and their companies, which is one of the essential ingredients of this method of doing business whereby the representatives of the Allstate insurance companies are the sole representatives of Allstate. So there is nothing new in the life field in Canada in that respect, as there was in the automobile insurance field.

Senator LAMBERT: May I ask you if the Allstate Life Insurance Company in the United States sell much of their stuff through the Sears-Roebuck organization?

Mr. MACGREGOR: I believe they sell it through the Sears-Roebuck stores, and the salesmen or representatives in those stores go out from the stores to sell to the public, and they also have representatives in many rural areas and many district offices. Right here in Ottawa one may have noticed an office, for example, in Ottawa South, on Bank street. There are representatives in these various offices, as well as in the Sears-Roebuck or Simpsons-Sears stores. I