some of the salient facts on the records of the House of Commons this morning.

The organization to which I refer is the Canada Health and Accident Assurance Corporation, which is a combined accident and sickness insurance company incorporated in 1945. The head office is in Waterloo, Ontario. Its business has grown very steadily and substantially in the nine years of its existence, from a little more than $93,000 in 1946 to $2,411,000 in 1953. These amounts are the net premiums that are included in the table which is before me. It now ranks eleventh in the combined accident and sickness insurance field in Canada. The president is Mr. E. E. Putnam of Waterloo, Ontario, and he has occupied that position since the formation of the company. According to the report of the superintendent of insurance, he holds a bare majority of the stock.

Mr. MacGregor, our superintendent of insurance, became aware of what was going on in August, 1954. It was the proposal of the company to lease office space from Mr. Putnam, the president. Mr. Putnam explains that due to the growth of the business the company found it necessary to obtain the use of larger quarters. The superintendent points out that the president ascertained that there was a business block for sale by a company, and I quote from the report:

> . . . at a price which I could not recommend our company to make the purchase in its own right.

That is contained in a letter, dated August 17, 1954, which is here.

> I offered to the board the opportunity of any one or a group of directors to come forward to buy the building and lease it to our company, otherwise I would be obliged to arrange my own financing to make the purchase of their group of buildings and lease the building back to Canada Health and Accident.

Well, Mr. Putnam undertook to deal, and he made what I consider to be a very advantageous agreement of sale for himself and a very disadvantageous agreement of sale—when he leased it to the company, at least—for the company. He paid $15,000 for it in cash and agreed to pay the remainder in equal monthly instalments, principal and interest of $924.50, or about $11,000 per annum over the next 20 years. Let us take a look at the lease, and I am getting these details from the report of the superintendent of insurance. The president, who as I said has a majority control of the capital stock of the corporation, proceeded to lease the property to the corporation for a term of ten years with the right of renewal for a similar term at a minimum rental of $13,625 a year.

This lease is rather unusual in other respects. According to the lease, the company agrees to pay all municipal taxes of any kind and to pay water rates and charges for gas, electricity and telephone and for repairs. The company further agreed to insure the buildings on the said land against loss or damage by fire with full additional perils coverage for not less than their full insurable value. There is a further provision in the lease that Mr. Putnam shall have entry to view the state of repair and the company will repair according to notice which he gives to the company in writing.

It will be seen that the company will pay all the costs of operating the building as though it was the owner, and the minimum rental to Mr. Putnam will be more than $2,000 per year in excess of the payments to which Mr. Putnam has agreed in buying this business block. In effect the company will buy the building for the president of the company and leave him something over at the end. There is a provision in the lease for an increase in the rental as the premium income of the company goes up, on the following scale:

Premium Income of Company	Rate of Annual Rent	Amount of Annual Rent
$2,500,000—$3,500,000	one-half of 1%	From $12,500 to $17,500
$3,500,000—$5,000,000	$17,500 plus ¼ of 1% of premium income exceeding $3,500,000	From $17,500 to $21,250
over $5,000,000	$21,250 plus ⅛ of 1% of premium income exceeding $5,000,000	From $21,250 up

Looking at those figures it will be seen that the moment the premium income exceeds $2,725,000 annually the rent Mr. Putnam will receive will begin to exceed the $13,625 which is the guaranteed minimum which is already $2,000 a year more than he is paying for the building. Let us look and see what Mr. MacGregor considers that Mr. Putnam gets out of this. This again is a synopsis of what is contained in the superintendent's report. The superintendent estimates in his letter of January 20, 1955, to Mr. H. G. Law, one of the company directors, that the total amount of rent which the owner would pay