

tion and ability to meet its engagements, and whether it has complied with all the provisions of this Act applicable to its transactions.

2. The officers or agents of such company shall cause their books to be open for the inspection of the Superintendent, and shall otherwise facilitate such examination so far as it is in their power.

3. For the purpose of such inquiry, the Superintendent may examine under oath the officers or agents of such company relative to its business.

40. A report of all companies so visited by the Superintendent shall be entered in a book kept for that purpose, with notes and memoranda showing the condition of each company, after such investigation.

2. A special report shall be communicated in writing to the Minister, stating the Superintendent's opinion as to the standing and financial position of every company so visited, and all other matters desirable to be made known to the Minister.

41. If it appears to the Superintendent that the assets of any company are insufficient to justify its continuance of business, having regard to the requirements of sections 14 to 20 inclusive of this Act, or that it is unsafe for the public to effect insurance with it, he shall make a special report on the affairs of such company to the Minister.

2. If the Minister, after full consideration of the report, and after a reasonable time has been given to the company to be heard by him, and upon such further inquiry and investigation as he sees proper to make, reports to the Governor in Council that he agrees with the Superintendent in the opinion so expressed in his report, the Governor in Council may, if he also concurs in such opinion, suspend or cancel the license of such company.

3. Such company shall, during such suspension or cancellation, be held to be unlicensed and unauthorized to do further business. The Superintendent may, however, issue such modified or conditional license as may be necessary for the protection of policyholders.

42. Once in every five years, or oftener at the discretion of the Minister, the Superintendent shall himself value by the net premium method, or procure to be so valued under his supervision, all the policies of life insurance of Canadian companies, and the Canadian policies of life insurance companies other than Canadian companies, licensed under this Act to transact the business of life insurance in Canada.

2. Such valuation shall, as to policies issued on or after the first day of January, one thousand nine hundred, and bonus additions or profits declared in respect thereof, be based on the British Offices Life Tables, 1893, O.M. (5), and on a rate of interest of three and one-half per cent. per annum; and as to policies issued prior to the said date, and bonus additions or profits declared in respect thereof, such valuation shall, until the first day of January, one thousand nine hundred and fifteen, be based on the said mortality table, and a rate of interest of four per cent. per annum; and on and after the first day of January, one thousand nine hundred and fifteen, be based on the same mortality table, and a rate of interest of three and one-half per cent. per annum.

3. It shall be allowable for any Canadian company, in preparing its statement of liabilities, to deduct from the value of its policies, as ascertained in accordance with sub-section 2 of this section, an amount ascertainable in the manner following, namely: in the case

of any policy, the net annual premium upon which is not less than the corresponding net annual premium for a whole life insurance with uniform premiums throughout life, the difference between the said whole life premium and the corresponding net premium for a one-year term insurance shall constitute the amount to be deducted as aforesaid in respect of such policy at the date of its issue; such difference, however, to be diminished each year by an equal proportion, so that upon the payment of the fifth annual premium, the value of the policy shall be the value as ascertained in accordance with subsection 2 of this section.

Every such company, whether it avails itself or not of the provisions of this subsection, shall set forth in its annual statement hereinbefore referred to, the value of its policies as ascertained in accordance with subsection 2 hereof, the amount allowable by this subsection as a deduction therefrom, and such other information in respect thereto as the Superintendent may deem necessary.

4. In this and the next following section, the word "policies" includes annuity contracts, whether immediate or deferred: Provided, however, that in the valuation of annuity contracts there shall be used the tables of mortality known as the British Offices Select Life Annuity Tables, 1893, male or female according to the sex of the nominee.

5. No such company shall at any time hereafter, except with the approval of the Treasury Board, increase its policy valuation so that the reserves in respect of all business the premium rates for which have been calculated on the basis of a rate of interest of not less than three and one-half per cent. shall be higher than the reserves produced by the use of the said British Offices Life Tables, 1893, O.M. (5), and a rate of interest of three per cent.: Provided that in the case of business the premium rates for which have been calculated on the basis of a rate of interest less than three and one-half per cent., no such company shall, except with the approval of said Board, increase its policy valuation so that the reserve in respect of said business shall be greater than the reserves produced by the use of the said tables and a rate of interest one-half per cent. less than the rate upon which such premium rates have been calculated.

6. Subsections 3 and 5 of this section shall not apply to the business of industrial insurance of the character specially dealt with in this subsection. Whole life industrial policies and endowment industrial policies maturing at age 80 or any higher age shall be valued upon the following basis, viz.:—policies issued in any calendar year shall be valued at the end of such calendar year as if then just issued and at the end of succeeding calendar years as if in force, one, two, three or more entire years as the case may be.

43. If it appears to the Superintendent that the liabilities of any Canadian life insurance company, including matured claims and the full reserve or re-insurance value for outstanding policies estimated or computed on the basis mentioned in the last preceding section, exceed its assets, he shall report the fact to the Treasury Board; and the Treasury Board, after full consideration of the matter and after a reasonable time has been given to the company to be heard by the board, may,—

(a) forthwith withdraw the company's license; or,

(b) upon such terms and conditions as the board deems proper, limit a time, not exceeding three years,