

regard to Premier Taschereau as well, has to do with a matter of principle. I think it is wrong for either of these gentlemen to occupy the position of director upon the board of the North American Life Assurance Company, and I believe the right hon. Prime Minister will agree with me in that. I know he does not practise that policy himself; we all appreciate the fact that when he accepted the leadership of the Conservative party he resigned from the directorates of the many companies with which he was then connected. As the Prime Minister said, however, according to the decision of the privy council the supervision of insurance companies ultimately will fall to the lot of the provinces, and I think it would be much better if the premier of Ontario and the premier of Quebec were to detach themselves from the directorate of not only this company but of the Sun Life company as well.

That is all I have to say with regard to the North American Life, and I hope the standing of that company has not been impaired in any way by the charges which have been made.

It is a different matter entirely in the case of the Sun Life Company, and I shall ask the indulgence of hon. members opposite while in my humble way I explain to them my view of the situation in respect to that company. I hold no brief for Mr. Harpell and I do not intend even to take cognizance of the statements which have appeared in his publication known as the Journal of Commerce. On the other hand, I am not going to criticize Mr. Harpell. I believe he is an honourable gentleman, certainly he is possessed of indomitable courage when he will attack publicly one of the greatest financial concerns in the Dominion of Canada. It is well known that Mr. Harpell never has been friendly to the government which I supported when I sat on the other side, so I hold no brief in any way for him, and anything I have to say with regard to the management of the Sun Life Assurance Company has not been derived from any of his statements.

I should like to read from the evidence taken in connection with the investigation made by the royal commission into the affairs of the Sun Life company. I might state that the same management was in charge of the company at that time as is in charge to-day; I refer particularly to Mr. T. B. Macaulay, the president.

Mr. BENNETT: His father was president at that time.

Mr. HEPBURN: In referring to the Sun Life company the report states:

The theory of this company has always been that the capital stock was entitled to interest besides its ascertained share of profits.

And again:

In many respects the methods of bookkeeping adopted by this company are not only defective but likely to mislead and deceive.

Assets and securities in respect of which there has been depreciation, anticipated loss or loss in fact, have been treated as made good out of profits shown upon the credit side of this account.

Expenses which ought to have been included in the expense account and returned as expenses in the government returns, have been similarly wiped out and concealed by them being taken out of profits.

Balances due from agents, which were not entitled to be treated in assets have been made good out of the same source.

It is to be observed that the management of this company have had differences with the department as to their investments, and as to the classification of accounts and with other matters. The company has consistently adhered to its own view without regard to the view of the department.

Mr. BENNETT: I hope my hon. friend will not mind if I point out that that was in 1910, twenty-two years ago. The insurance act has been revised since that day and is the statute under which we now operate.

Mr. HEPBURN: I stated that the same management was in control then as is in control to-day—I refer to Mr. T. B. Macaulay. I am pointing out that this company was charged as far back as 1910 with certain crimes or misdemeanours with respect to its conduct. The report continues:

It is plain to your commissioners that the large interest of the Sun Life Assurance Company in these various enterprises is greatly in excess of the limits of reasonable investment.

The report concludes by stating:

The accumulation of so large a contingent fund, earned by the speculative use of the moneys of the company, including for the most part policyholders' money—especially without giving the present policyholders the benefit thereof—is, in the opinion of your commissioners improper.

Summed up the charges made in 1910 by the Royal Commission on Insurance against the Sun Life company were:

1. Improper transfer of funds.
2. Defective methods of bookkeeping.
3. Dangerous investments.
4. Total disregard of the supervision of the Department of Insurance.

I have every confidence in Mr. Finlayson, and it is to be regretted that any company operating under a dominion charter should wholly disregard the supervision of the executive head of the department of insurance.

This has some bearing on the first relationship I had with the company when it appeared