

new legislation. The only difference is that the interest paid is $3\frac{1}{2}$ per cent instead of 4 per cent, as it was under the old act. By this section the estate of the insured receives only the difference between what might be considered the cash surrender value of the policy and the total of the premiums paid, with interest at $3\frac{1}{2}$ per cent per annum thereon.

Section agreed to.

On section 12—Terms for payment of premiums.

Mr. MACKENZIE (Vancouver Centre): There is an amendment to this section, which I would like my colleague the Minister of Agriculture to move. The amendment is that section 12 be amended by adding thereto the following subclause:

2. Premiums payable under the various plans of contracts shall be as provided for in schedule A to this act.

Mr. GARDINER: I move accordingly.

Amendment agreed to.

Mr. McNIVEN: When this section refers to a ten, fifteen or twenty year term does it mean a ten, fifteen or twenty year term policy, or does it mean that when the premiums have been paid for the period designated the veteran will have a full paid up policy?

Mr. MACKENZIE (Vancouver Centre): The latter is the correct meaning.

Mr. McNIVEN: That is, having paid his premiums for ten years at the rate designated in the schedule, he will receive a fully paid up policy.

Mr. MACKENZIE (Vancouver Centre): Yes; of course with heavier premiums.

Mr. CASTLEDEN: I wonder how the government has arrived at this schedule. The minister has said the rates are generally lower than are found for ordinary insurance in the life insurance companies.

Mr. MACKENZIE (Vancouver Centre): Yes. This was compiled by the insurance branch of the government, and it is in conformity with the most modern practice of life insurance companies with, as I said this afternoon, a slightly lower rate than is accorded civilian applicants for ordinary life insurance.

Mr. CASTLEDEN: The ordinary life insurance company has heavy expenses in connection with selling the insurance. In this case the government is doing that.

Mr. MACKENZIE (Vancouver Centre): There are no administrative charges at all. Those are absorbed by the state.

Mr. CASTLEDEN: Then, if the state is carrying all the administrative work, free of charge, it seems to me the rates are rather high. There is no cost of selling and no advertising.

Mr. MACKENZIE (Vancouver Centre): The hon. member will realize that in this instance the risks are very much greater than the ordinary life insurance company takes, because there is no medical examination. Honestly I believe that after looking into the matter to some extent the rates will be found to be very fair indeed.

Mr. CASTLEDEN: The figures would show that the government has on hand about \$22,000,000 from the old fund. They also show that there are about 24,000 policies still in force.

Mr. MACKENZIE (Vancouver Centre): About 20,000.

Mr. CASTLEDEN: So that perhaps there would be about \$40,000,000 of insurance?

Mr. MACKENZIE (Vancouver Centre): Yes; but the rate of mortality is increasing every day for those who are insured under the old act.

Mr. MacNICOL: And it will continue to increase.

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. CASTLEDEN: It would seem therefore that there is about \$20,000,000 on hand to meet obligations of about \$40,000,000.

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. KNOWLES: Has consideration been given to providing any form of insurance other than the ten, fifteen or twenty-payment life plan? The veteran at the age of thirty-five for example, may take out what is called a 20-pay-life policy under this legislation, for which the premium would be \$29.04 per thousand per year. If the veteran desires insurance to provide an adequate amount of protection to meet his increasing family responsibilities it will be difficult to put on sufficient protection at a rate that high. There are other forms of insurance which come at cheaper rates and provide better coverage, such as taking a straight protection policy on the one hand and an annuity contract on the other. Straight protection or, as it is called, term insurance, could be had at a much lower rate per thousand than the figure I have mentioned as an example. Has consideration been given to offering the veteran two or three different