

look at section 56 of the old act they will find that it prohibits any insurance company or its directors, directly or indirectly, from promoting or organizing other companies. It has been charged and, I believe with good reason, that certain insurance companies in Canada have done that sort of thing even in spite of the fact that that section was in the old act. As that is not the business of an insurance company, we would like to know why this section of the 1927 statute was not included in the new legislation. There may be some good reason for this which has not been made apparent. The committee is entitled to know why this omission was made.

Section 57 of the old act does not appear in the new bill. That section rigidly restricted underwriting on the part of insurance companies. With that section removed, so far as I am aware, the insurance companies could become underwriting companies. There may be in this bill a clause which has escaped my notice prohibiting that in another way, but if there is not, I should like the minister to explain why the provisions in the old act in this connection do not appear in the present legislation. The business of insurance is not the underwriting of any enterprise or company; it is to carry on insurance, and this legislation should rigidly restrict such companies to the business of insurance. If there is in the act no provision which prevents an insurance company from entering these other lines of business, it is just possible some of them will do so.

Section 82 of the old act which again, I believe, was a very good provision, does not appear in the present bill, and so far as I am able to find out, there is no substitute for it covering the same point. Section 82 forbids any insurance company or any official of it to offer any estimate of the amount of its shares or dividends. This, of course, might be used by agents and others for the purpose of inducing individuals to become insured in individual companies. Prior to this legislation being included in the old act, I understand, considerable abuse was practised by companies in that very particular. But since the enactment of section 82 I believe that grievance has been fairly well cleared up. Again I should like the minister to state why that section does not appear in the new measure, or whether there is in the bill any substitute covering that particular point.

Subsection 4 of section 63, which, of course, was in the Insurance Act of 1927, probably would be better deleted. Certain insurance companies have, I understand, reorganized other companies, written up the value of

stocks, poured in water and appropriated to themselves the major portion of the capital; and still the stock of such companies is regarded as the same in value after reorganization as it was before. I believe steps should be taken to legislate to prohibit an insurance company from doing that sort of thing.

I come now to the sections of this bill which are new in insurance legislation in Canada. The first clause of importance is that which provides for a limitation of investments in common stocks to fifteen per cent. I know that the section in question is not yet before the committee, but I thought if I indicated now our difficulty in respect thereto, perhaps the minister, when he comes to it, will give the explanation. I shall be as brief as possible. We are at a loss to understand why the limitation should be fifteen per cent. If we have to have any percentage, it should be one per cent. So far as I am able to gather, all the insurance companies of Canada, with the exception of the Sun Life, taking them all together, have so far invested in common stocks only a little over one per cent of their book assets, although if they had wanted to do so they might have invested to a much greater degree because there was no legislation prohibiting them. Sometimes it is wise for us to criticize insurance companies, but in this instance I think we ought to give credit to the insurance companies of Canada which have stayed so well within the limits of their trust and have invested their money in the way in which a good insurance company should do. It does not appear to us in this section of the house that insurance companies should be permitted to invest in common stocks the funds of their policyholders, but if there has to be any percentage at all, we want it reduced or some reason given for the fifteen per cent permitted.

When we come to section 7 we find an exception which apparently must have been made in particular for the Sun Life Assurance Company. That is to say, it provides that subsection 6 shall not apply to such company having an excess of fifteen per cent in common stocks when this act comes into force. Meanwhile, of course, such company must not invest any more in common stocks, and if and when it has reduced its investment in common stocks to fifteen per cent, it will come within this provision of the law. I understand the Sun Life has some 47 or 50 per cent of the value of its book assets invested in common stocks, and this clause, while it does not so state, has been inserted expressly to safeguard that company. I do not object to that. The trouble has already been done; the govern-

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