

word. See subsection 9 of section 99, where policyholder and member mean the same person.

53. I think there is a serious danger in this. Investment expenses are limited to one-fourth of one per cent. Many companies invest in mortgages in various places at rates as high as 6 to 9 per cent. If one per cent were paid to get the loan 5 to 8 per cent would be left for first year, and better thereafter. If a company cannot give more than one-fourth of one per cent it would be compelled to invest in debentures, bonds, &c., where it is often very hard to secure more than an average of 4 to 4½. In this matter I have some rather extensive experience, investing trust funds of large amounts. There should be no tying down the companies here too tightly. Further, this will discriminate against the farmers as a class, and put them largely at the mercy of the loaning and mortgage companies.

The attempt to limit expenses is very praiseworthy but it must be looked into with very great care. Business that was written on a premium non-profit plan based on the Hm with interest at 4½ per cent would give in many instances negative values when compared with the Om5 with 3½ per cent interest net. That is the non-profit premium with its loading on the Hm at 4½ per cent would fall below the Om5 at 3½ per cent net, or without loading. This would show an impairment, rather than leaving any margin for working expenses. Foreign and British companies should be required to add in a portion of their head office expenses, otherwise they may appear to be doing business more cheaply than they really are and more cheaply than the Canadian companies. This could, and would be used against the Canadian companies in competing for business. The Act should guard against this. Canadian companies collect premiums here and reinvest them here. The foreign companies take much of the money away to other countries.

With regard to tropical and substandard business it must be remembered that the net rate is higher to begin with than the Om5 at 3½ interest. This higher net rate is the basis upon which the loading is added for working expenses. The way this is worded in the Bill in subsection 4 will not do. A special table for the net rate must be selected. On this is placed the loading for working expenses. It is this that must be allowed for expenses. You will see that both elements are higher than in the case of the Om5 with loading. The net rate is higher to meet the higher mortality and a higher loading to meet the greater cost of working the business in the tropics. The amendment suggested by the Life Insurance Managers' Association is absolutely necessary.

54. This will prevent a company saying to an agent, 'Your salary will be \$100 a month, but if at the end of the year you have written so much, the company will give you a bonus of \$200.' All attempts to tie a company too tightly only do harm and lead to efforts to evade the law. When the expenses are limited on the total business done, there is no good reason for limiting in such details as this. It is unworthy of any great Bill.

58. Why should a director be prevented taking a commission in the event of his inducing a person to take a policy in his company? His directors' fees are payments for another service. If he can influence a certain party to give his insurance to his company he should try to do so, but the fact that he is a director prevents his receiving any commission. He is, therefore, encouraged to place the policy in another company. This will work out very badly in practice, no matter what the theorists may say to the contrary. It can lead to no corruption as the applicant must go through the usual process of examination, &c. Further, a director is just the person who would wish to see good business on the books of his own company.

90 and 94. This will call for annual distribution of profits to policyholders. Profits are to be allotted every five years of the policy; but they must be appraised for the other policies at the same time. This will bring about practically an annual distribution of profits. If this is to become law it should be so said. It would not