

Finally, I think it should be pointed out that this bill carries the endorsement and the approval of Mr. K. R. MacGregor, the Superintendent of Insurance.

**Hon. Mr. Roebuck:** Can the honourable senator tell me if when reinsurance is written there is a fixed percentage of the premium which goes to the reinsurance company, and a fixed percentage stays with the company right in the business?

**Hon. Mr. Brunt:** Yes.

**Hon. Mr. Roebuck:** Subject to competition in each instance?

**Hon. Mr. Brunt:** What happens on reinsurance is this, that if you have a large risk and your reinsure 50 per cent of it, 50 per cent of the premium that is paid by the assured does not go to the reinsuring company, because the commission is paid by the company which does the direct business. There is no commission paid between a company that writes directly and the reinsuring company; but out of the net premium which remains the proper proportion has to go over to the reinsuring company. If you take 50 per cent of the risk you get 50 per cent of the net premium.

**Hon. Mr. Macdonald:** Is that not a matter of agreement between the two companies?

**Hon. Mr. Brunt:** Yes, it is a matter of agreement between them, and any company can vary it. I mean, the reinsurance is competitive, like direct insurance. You might find that one company would do it for 40 per cent, while another company that was not looking for reinsurance might say, "Well, we will take 80 per cent of the net premium for 50 per cent of the risk." The percentage of the premium that passes from the direct company to the reinsuring company is decided by competition and by supply and demand.

**Hon. Mr. Macdonald:** The insured person knows nothing of this reinsurance?

**Hon. Mr. Brunt:** Oh, no, absolutely nothing of reinsuring.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Banking and Commerce.

The Senate adjourned until Tuesday, June 3, at 8 p.m.

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