

such concession. The shareholders are not indebted to these gentlemen; I think the Board have been far too generous. [Hear, hear.]

A SHAREHOLDER.—That is so.

Mr. JAMES STEWART.—I would like to move an amendment to that. I think that rule ought to work both ways. If the Company have carried that, I think the Company should have any benefit that may be derived from it. [Hear, hear.] I don't think 3,000 shareholders should suffer any loss by reason of these gentlemen refusing to take the stock. I don't want to make any bones about the matter, because the amount is too little, but I don't think the loss should be charged against the Company. I think since they have not taken advantage of the opportunity offered them, the profit belongs to the Company, and the Company only.

Hon. P. MITCHELL, M. P.—It is quite possible that some of these persons have been unable, for financial reasons, to take up their stock, and it would be hard to charge them with any loss I think in an important Company like this, where the Directors have given the matter serious and careful consideration—in a matter in which there is not a very large amount of money involved—I think Mr. Stewart will see the propriety of withdrawing the proposed amendment and submit the matter to the directors, leaving the matter chargeable to them.

Mr. JAMES STEWART.—I am quite willing to leave the matter in the hands of the Board.

Mr. HENRY LYMAN, in the absence of Mr. Fautoux, presented a resolution authorizing application to the Legislature to amend the charter so as to provide for three directors retiring annually, instead of five, etc. The resolution is given below as amended.

Mr. LYMAN.—In presenting the motion I will take the liberty of saying a word or two, and it shall only be a word. There is a good old saying "good wine needs no bush." The President has explained the course of the Company—no one could have done it more clearly than he has done—we have been informed of the very high position it has taken. I wish to say that I entirely concur—so far as my observation has gone—I can corroborate or endorse, as the modern phrase is, all that has been said; I don't know of any instance so far as my experience goes of a company that has sprung into existence and developed so marvellously in so short a time; and I think it is a matter of the highest importance for Canada that institutions of this character should exist and be able to carry on. Those who have had the working of this enterprise deserve all commendation, and I add to it my modicum of praise also. [Hear, hear.]

Mr. A. W. OGILVIE, M.P.P.—No one can feel more proud at the success of the Royal Canadian Insurance Company than I, and I am very glad to see the statement which is laid before us to-day, but in that amendment, which is proposed to the bye-laws, I see a very serious objection. You stated, Mr. President, a few minutes ago, that in the event of a large number of stockholders banding together, that they can put in five members who virtually could control the Company. That may be possible, but I think it is almost beyond the bounds of probability. Instead of shareholders of an

insurance company being able to elect whom they please, it is nine cases out of ten the directors who can put in whom they please, and they are a poor board of directors indeed if they did not possess sufficient influence to secure their re-election. If they could not, they differed entirely from the banks. This Company decided last year to have half the directors—or nearly half—retire annually, which means the election of the directorate for two years. Now you come and you ask your shareholders to elect the directors for three years, to allow three to retire at a time. If you do that you may as well let your directors stay at home. Whether you do your work well or ill, you could go on forever, there would be no supervision. I do not say this, gentlemen, to find fault with the board of work, although I think there are some things which might be improved without doing harm to anybody—not to the Company, at any rate. I think by this proceeding which you contemplate, you are going a step backwards, are going to make a "close corporation" of this company. Probably next year you may want them elected for life.

The CHAIRMAN.—In reply to the observation, I would simply say that it was not the views of the directors that we had the election every year. It was a necessary provision of law as it then stood, which had not been fully explained in the original charter of the Company. The original intention of the Company, and every well regulated Company, was that there should be one-third of the directors retiring annually in order that the knowledge of the business acquired by those gentlemen should not be wasted. There may be opportunities—I can see them in my mind's eye—which would occur—caucusing perhaps—by which a majority of the Board might be turned out, and when you consider that the directors are entrusted with over one million dollars it becomes a serious question whether you shall have trust in those gentlemen who had gained a thorough knowledge of the business or whether by a "fluke" all control shall pass to those who have had no experience and over whom at least several weeks must elapse before you can get any control. It is therefore a measure of security for your interests that this recommendation has been brought forward. The directors have no particular desire in the matter, further than to study your interests. If you think different to them they will readily bow to you. They have only thought proper to recommend it as a safeguard; it is too late to cry when the milk is spilt; it will be too late when you find unexperienced men have crept into the board; it is best for you to take the precaution beforehand; and when you can obtain the services of respectable and reputable parties, it is better retain two-thirds for a certain period than to run the risk of five-ninths being turned out at once. That is the only object the directors had in view, and it is for your consideration.

Mr. A. W. OGILVIE, M.P.P.—All the directors of the Bank of Montreal go out every year; all the directors of other Banks go out in the same manner.

Mr. ARCHER.—If the directors of the Company are the men we want, there is no possibility of their being put out. If there is any reason, we can soon get rid of them by electing them

annually. I don't think it is fair to come here and ask for men to be put on the Board for three years, when during that time causes might arise to make it desirable to put them out.

Mr. ARCHER.—If they are good men, elect them again and again, and if not, put them out.

Mr. LYMAN.—I moved the resolution because I was asked to do so. I did not draw up the resolution. I don't see for my own part that though I offered the resolution—as a matter of politeness to the Manager of the Company—there is any advantage in it. I can't see that there is any necessity for turning the board out either. [Applause.] I believe with my friend, Mr. Ogilvie, that the rule is in the opposite direction. I should hesitate very much in endeavouring to displace any of these gentlemen [hear, hear], in preference for anybody else. I am sure I should fail if I attempted it. I yield to the sense of the meeting, but I don't for my own part desire it to be understood that I originated it.

The CHAIRMAN.—The Board have no particular feeling in the matter; they thought they were recommending what was in the interest of the Company; they have no other feeling; they only think that it is possible, in the course of events, that a caucus vote could be got by stockholders, a majority of the directors removed, and the affairs of the Company placed in the hands of parties who would not take the same views of the interests of the Company. However, it is for the meeting to decide. In regard to the question of loans and other questions that might occur in the management of the Company, or circumstances that may arise, it is desirable for you to give the directors power to ask for such changes as circumstances will warrant. If this change with reference to the directors is not thought desirable, expunge it from the resolutions, but with reference to the other changes, the Board hope you will give them the necessary power.

Hon. E. G. PENNY.—May I ask what is the rule in other companies? I think it desirable, on the one hand, that whilst shareholders should have considerable control—all the control in fact—there should be some permanence in the board of directors. I should be governed in voting to some extent, if I knew what rule an institution like the Bank of Montreal followed. If I thought it was the general rule to elect annually, I should vote for it, because I should think experience had proved it a good one.

The CHAIRMAN.—With a very large corporation with which I have been connected for a quarter of a century, one-third retire every year. It is the same rule with English companies, the Royal Liverpool, London & Globe follow the same rule.

Mr. OGILVIE, M.P.P.—Yet in this country we know that with the banks, all the directors go out every year, and this trouble anticipated by the Chairman has never arisen yet.

The CHAIRMAN remarked that until very recently the Directors of the Merchants' Bank retired every third year.

Mr. DEVLIN, M. P., suggested that the Chairman hear the whole discussion, and then reply, thereby saving much time.

Mr. W. F. KAY.—I would ask Mr. Ogilvie,