

Mr. MACGREGOR: No, sir, a provincial company may operate in its province of incorporation or in other provinces without seeking Dominion registration.

The CHAIRMAN: Shall the section carry?

Carried.

Does section 38 carry?

Carried.

Shall section 39 carry?

Carried.

Shall section 40 carry?

Carried.

Shall section 41 carry?

Mr. CANNON: That reduces the rate of the interest for purposes of registration?

Mr. MACGREGOR: There are two changes here. This clause 41 prescribes the bases for calculating the minimum reserves for life annuity contracts. At present the maximum rate of interest is 4 per cent, which we think is too high. This clause reduces it to $3\frac{1}{2}$ per cent. That is the first change.

The second change is to add two new mortality tables that may be used for this purpose. At the present time the only table prescribed is that listed as item (b), namely, Rutherford's Annuity Tables. That table is not now mentioned in the Act, but it is described. There would be added the tables mentioned in item (a), Mortality of Annuitants, 1900-1920 and in (c), the 1937 Standard Annuity Table. These are additional tables that might be used by life insurance companies.

Mr. Low: Are they more generous than those now used?

Mr. MACGREGOR: No, more stringent, because these tables show lower rates of mortality and consequently higher reserves.

Mr. MACDONNELL: Am I correct in understanding there are two or three different tables that can be used, but they would not give different results?

Mr. MACGREGOR: Yes, they would. They are different mortality tables and they would give varying reserves. In general, the newer tables give higher reserves and, of course, the companies must use those newer tables for new business in order to maintain adequate reserves.

Mr. CANNON: I see that the Superintendent has the power to prescribe that another table of mortality may be used?

Mr. MACGREGOR: The general principle in the Act, both in reference to life insurance policies and life annuity contracts is to prescribe certain tables that are known to be safe and conservative.

In the explanatory notes opposite page 40, the present tables prescribed for life insurance policies are given, and this clause 41 is for the same purpose in reference to annuity contracts. These are permissive tables, but if any company believes that for a particular class of policies none of the prescribed tables is appropriate, then it may apply to the Superintendent for approval of the table it believes to be the most appropriate. In effect, it must make a case that none of the prescribed tables is appropriate and that the one it wishes to use is the most appropriate.

Mr. GIBSON: And you are only allowing $3\frac{1}{2}$ per cent to be used. Are not the government annuities still giving 4 per cent?