

bank to make a special report in connection with the matter, with a view to rectifying any abuse which may exist. Upon reconsideration, I am disposed to support the motion to strike out this clause.

Mr. WHITE: Personally, I think the principle underlying this legislation is sound, although I believe it is drastic, having regard to the conditions which exist, and to which I shall refer a little later on. The complaints that have been made are, in substance, this: A bank manager is the trustee of the bank's funds, having under his control the making of loans to customers. Of course that puts him in a position to compel a customer to effect insurance in the company with which he is connected, and that constitutes a very valuable franchise in his hands. If he were loaning his own money as a private banker, I think it would be proper for him to say: Now I will make you a loan, but only on the condition that you place your insurance with the company which I represent. But he is not in that position. He is in the position of loaning the funds of a bank. In other words, he is a trustee or agent. Now, some of the banks have absolutely prohibited their managers from engaging in the collateral business of insurance, and as I have said, I think that is a sound policy for the banks to adopt.

Mr. CARVELL: Can the minister give me the name of any bank which is doing that?

Mr. WHITE: According to the evidence given in the committee, the Bank of Commerce has prohibited its managers from engaging in any kind of insurance business. I think that the banks of this country, making the money they do, might very well afford to put their bank managers in such a financial position by the salaries paid to them that it would not be necessary for them to engage in the business of insurance. The principle that underlies this subsection is, in my opinion, a sound one. In addition to what has been mentioned by my hon. friend from North Ontario (Mr. Sharpe), there is the further consideration that, in some districts in the West, the bank manager, as insurance agent, serves a very useful purpose to the community, because there is no one else engaged in the business within easy distance. Having regard to the fact that these branches have existed for many years, and that vested rights so to speak, although that is not a particularly happy expression, have been acquired in agencies of insurance by many bank managers; having regard also to the amount of revenue which such an agency yields them, and to the other consequence which, as men-

Mr. SHARPE (North Ontario)

tioned by the hon. member for North Ontario, would flow from this legislation, I am of the opinion that this clause should be struck out of the Act. If we were commencing anew, that is to say, if there were no bank managers actually engaged in the business of insurance, I think this would be desirable legislation, but I have had representations made to me that it is going to work hardship. I would therefore suggest that the clause be struck out, and I will take up the matter with the Bankers' Association, and, so far as the future is concerned, see if they cannot adopt the policy, now adopted by some banks, of prohibiting their managers from engaging in fire or other insurance. That conclusion I have reached in view of the representations that have reached me from the outside, and from many hon. members of this House.

Mr. OLIVER: I would like to give my view of the conditions in the West. However enterprising the banks have been in establishing branches in small places, I have not seen yet a place, having a bank branch where there was not somebody prepared to do insurance business outside of the bank. The insurance agent is just as pushing in the matter of business as a bank, perhaps a little more so, as he has not to carry so much baggage.

Mr. CARVELL: Before this clause is voted out of existence, I should like to say a little more about it. It seems to me that the very fact that such pressure has been brought to bear upon the Minister of Finance, and evidently upon other members of the House, for I see that the hon. member for Gloucester (Mr. Turgeon) has fallen under this evil influence as well as the hon. member for North Ontario (Mr. Sharpe), indicates that the system must be more prevalent than hon. members thought it was. I have been somewhat surprised at the correspondence I have received since the matter went through the committee. I am bound to say that my correspondence has been all on the other side; it has been congratulatory. I have had letters from the provinces of Quebec, Ontario, New Brunswick and Nova Scotia, congratulating me on the stand I have taken, and the only fault found with me in the letters is that I did not go far enough. One gentleman in the western portion of Ontario claims that a bank manager should be prohibited from going into the business of real estate. Another man writes to me that there is a bank in his town in which it is almost impossible to do business, because the manager is in the bank office all the time putting through real estate transactions, or something of that kind. In my own county, so far as I know, no bank has ever inter-