THE INSURANCE BILL.

It was to be expected that the Insurance Bill introduced this week at Ottawa would differ considerably from the measure discussed in committee a year or more ago. Since then, practical developments in New York have shown how ill-suited to Canada would be many of the restrictions imposed by the legislation of that state. True, the bill brought before the Dominion Parliament in December, 1907, had already dropped some of the clauses of the draft which the Royal Commission modeled so closely upon the Armstrong legislation of our neighbours. But there still remained one notable innovation of the New York reformers—the so-called "contingency reserve" clause. The effect of its restriction upon any "safety margin" over a company's liabilities was severely felt in New York during recent post-panic months, when total assets decreased sharply owing to security market declines. In the light of such experience the Government no longer proposes to fix the maximum surplus that Canadian companies may hold for the making of "assurance doubly sure." Indeed, it now introduces a proviso that seeks rather to guard against a company retaining *too little* surplus for marginal safety. Having fixed the policy valuation basis, the Government evidently recognizes the unwisdom of laying down any hard-and-fast rule as to just how much the directors shall set apart from time to time as the fund from which shareholders and policyholders draw their respective dividends. The *division* of such fund, as between shareholders and policyholders, is strictly defined. But the ascertaining of the divisible fund as a whole, is rightly left to the management, the bill providing merely that "the directors may set apart such portion of the net profits as they shall deem safe and proper for distribution" to shareholders and policyholders.

The foregoing and other changes evidence the careful consideration given by the Government to representations made regarding possible improvements in the bill of last session. Further, the Finance Minister in introducing the modified bill this week, indicated that full discussion as to details would still be sought. With this in view, he not only asked to have the measure referred to the Banking and Commerce Committee, but intimated that the bill might there be again referred to a sub-committee. Certainly, the procedure being followed is in satisfactory contrast to the rushing of half-baked insurance enactments through the New York legislature in 1906.

There is every prospect of the Government attaining closely to that 'happy medium' of which the Hon. Mr. Fielding spoke when first introducing the bill into the House, some fifteen months ago. Especially is this to be noted in the clauses relating to companies' investments—fairly full details of which are given elsewhere in these pages. Whereas the earlier bill proposed that bonds eligible for investment should be outstanding for at least five years, the present bill deems bonds secured by mortgage as a suitable field for investment. Regulations as to debentures and stocks have also been modified somewhat, but care is still taken to secure conservatism in investments.

It will be remembered that the former bill limited a life company's investments in any one concern's securities to 20 per cent. of each class issued. The present bill reasonably distinguishes between stocks and bonds, and while providing that the investment may not exceed 20 per cent. in the stocks of any company, leaves freedom to invest in bonds if they are deemed to be good security. It is to be noted that where investments may have been made in securities, permissible at the time of their purchase but contrary to the new enactment, the company shall be free to dispose of them at such time as it may find most convenient. Here, too, a lesson has been learned from the unwise forcing of a time-limit by New York legislation.

The much-mooted topic of expenses of management doubtless shares with investment matters the chief interest in the bill. If such a consideration comes within the purview of Government control at all—which is, at least, open to serious question—the general plan now outlined is probably as good as any. No attempt is made to limit expenses of new business as such—the provision applies to expenses as a whole. In order that younger companies may not be at an undue disadvantage in bidding for increased business, provision is made that the limitation of expenses shall apply at once to old companies which have a standing of fifteen years, or to any company so soon as it comes to the age of fifteen years; while in the case of new companies to be incorporated hereafter, this limitation shall begin when they have had ten years of existence. Last year's bill required that the returns should show the expense of new business separate from ordinary business. Such a division has been found difficult, and the Government dropped this provision and substituted one providing for a return of what is technically called a gain and loss exhibit, which, it is thought, may to some extent serve the same purpose.

Referring to the bill's provision for publicity of returns, Mr. Fielding reaffirmed his belief that the best guarantee which policyholders could have was adequate publicity. In this respect the provisions of last year's bill have been retained, except for certain slight modifications in terminology. With the principle of full publicity THE CHRONICLE is in thorough accord. So much so, that the thought suggests itself here and there, in reading the bill, as to whether quite so detailed provisions are really necessary where such adequate publicity is provided for, throughout.