

THE NEW INSURANCE BILL AND THE LIFE INSURANCE REPRESENTATIVES.

As has been before pointed out, the new Act is a decided improvement upon that first prepared; but we hope that the many objections pointed out by the various managers will receive the most favourable consideration. According to all accounts, there is nothing but praise for the Committee for the consideration given and for the patience and attention with which the matters under discussion have been listened to. From the Hon. Mr. Fielding down, there is an evident desire, among all the members, to meet the situation in a fair and reasonable manner. **THE CHRONICLE** has already criticised various phases of the Bill, and refers to one or two of them in this issue, more especially that regarding expenses. It will, we think, be proper and safe to leave in a large measure the management of the business and its various restrictions in the hands of the life insurance officials. It will be unwise to fetter their hands too closely, and we venture to assert that there is no class of men who have more faithfully fulfilled the duties pertaining to their high positions than insurance managers. Competition will regulate a great many phases which have been objected to, far better than restrictive legislation; and so long as broad principles are laid down, periodical statements made on a common basis, and the necessary publicity given, the business can be satisfactorily left alone, as regards many details of management.

LIFE COMPANY EXPENSES.

As was to have been expected, the much-mooted topic of expenses of management, has come in for lively discussion before the Commons Committee on Banking and Commerce. As brought down a year ago, the Insurance Bill would have limited new business expenses so arbitrarily as to have shut out managerial judgment almost altogether. The unwisdom of this was finally recognized, and the new bill of this session does not attempt to limit expenses of new business as such; instead, its restrictions apply to business as a whole. But this necessitated guarding against unfairness to new companies with only a small volume of renewal premiums. Accordingly, a "saving clause" had to be added whereby provision is made for deferring the restriction in the case of young companies.

Did the framers of the bill think that this ended all difficulties? If so, they reckoned without their host—of objections.

First, came Mr. J. K. Macdonald's strongly supported point as to the investment expenses permitted. He contended that experience had shown one-quarter per cent. to be too narrow a margin for so absolute a restriction. Admitting it sufficient in the

case of bonds, debentures and stocks, he and others gave evidence to show that on mortgage loans, for instance, one per cent. was practically necessary.

Later, came Mr. T. B. Macaulay's well-founded objection to the bill's limiting expenses on tropical business by the same measuring-rod as is to be used for business in Canada. He pointed out that premiums on tropical business were now made considerably higher than on home business, not merely to cover extra mortality, but to provide for unavoidably greater expenses.

Another point raised in committee had to do with the relative standing of home and foreign companies in the matter of expense restrictions. It was suggested by some that 5 per cent. of the Canadian premiums of foreign companies should be added to their Canadian expenses, as a sort of surcharge for home office administration, in determining the margin of loading available for use.

To this suggestion, strong exception was taken by Messrs. B. Hal Brown, Clark Kennedy and Arch. Howell. On behalf of the British Companies doing business in Canada, it was contended that the surcharge in question is, in the first place, incurred outside of Canada; and, in the second place, is an expense completely out of the control of the Canadian branches. Even admitting the principle of charging some proportion of home office expenses to Canadian business, the arbitrary fixing of this at 5 p.c. does not seem reasonable. It is not intimated that it is founded upon any definite experience, whatever. Mr. Hal Brown held that the 5 per cent. was too high, and that the actual expenses for individual companies are bound to differ in any event. What would be fair to one might be entirely unfair to another. It was pointed out that under the proposed amendment, British and American companies were to be treated alike. Yet the expenses at the home offices of British companies on behalf of Canadian business, are almost bound to be less than those of American companies, because the former have executive offices in Canada, while the latter have agencies. Hence, the percentage applicable to American companies could not be fairly applied to British offices. If the percentage happened by chance to be suitable to one class, it is practically certain it will not then apply to the other. It was also asked that all ambiguity be removed, as to Canadian branches of foreign companies being counted as Canadian companies in that part of the bill relating to valuation of new business—present phrasing being scarcely clear.

So wages the merry war. And the more the matter of expenses (in any of its phases) is discussed, the more clearly just one thing is evident—the extreme difficulty in legislation undertaking to say: "Thus far and no farther." In a matter so depend-