

## INSURANCE DEPARTMENT'S RECENT RULING

### British Columbia Agents of an English Company Analyse the Position

Writing *The Monetary Times* with regard to the recent ruling of the insurance department at Ottawa, which was printed in full in these columns last week, Mr. F. W. Rounsefell, managing director of Ceperley, Rounsefell, Limited, Vancouver, B.C., says:—

"Superintendent Finlayson proposes to change the present regulations in such a manner that serious loss and great inconvenience will result to those companies who at present report their business to England and points in the United States. In a copy of a memorandum which has been sent to me by the manager of the Phoenix Assurance Company, Limited, of London, at Montreal, I find that Superintendent Finlayson states that it is necessary for the verification of the statement that the entire income of the company in Canada shall pass through the chief agency and that all payments for losses and other expenses in Canada shall be made from the bank account of the chief agent or from funds under his control. For this purpose all agents' remittances shall be made to the chief agent, together with reports containing details of the policies in respect of which the remittances are made sufficient for the calculation of the reserve of unearned premiums. It is not necessary for the purpose of verifying this part of the statement that the daily reports of risks written and cancelled be made to the chief agents. These may, if desired, be made to the head office. The monthly or other statements, however, showing how the remittances are made up should be made to the chief agent. In order that the expenditure of the company in Canada may be checked, it is necessary that cheques drawn in payment of losses, expenses and other disbursements in Canada, whether drawn in Canada or at the head office, should operate on the bank account of the chief agent, or on accounts under his control so that the entire expenditure in Canada can be traced through the records of the chief agent.

#### As to Issue of Cheques.

"Apparently, however, Superintendent Finlayson has reconsidered the portion of his memorandum that applies to the banking regulations as in a copy of his letter of June 15th to Mr. Paterson, manager of the Phoenix at Montreal, he points out that the disturbance in the business occasioned by the proposed change would not be so great as anticipated and that it would not be essential that the cheques for the whole Dominion be issued from one point. What the department asks is simply that the agents in British Columbia report to the Montreal office as chief agents for Canada instead of to the head office of the company and that the British Columbia agents be under the control of the Montreal office in the same way as they are now under the control of the head office. Whatever powers might properly be given to the general agents by the head office might be continued to be exercised by the general agents in British Columbia, but monthly reports and remittances which are now sent to the head office of the company should be sent to the company's chief agency; cheques in payment of losses may be issued by the company's general agents, but the cheques should operate either on the chief agency account, or on an agency account under the chief agent's control.

#### Will Upset Conditions.

"To sum up the matter, Superintendent Finlayson's ruling will mean the placing of the control of the whole of the fire insurance business of Canada through one chief agency, and except in a few isolated cases the chief agency must necessarily be in eastern Canada owing to the large volume of business carried in the east. This means upsetting conditions that have existed, particularly in British Columbia, where for many years a number of English and United States companies report their business to San Francisco or direct to England. I understand also a number of other companies report to Chicago and other points in the United States. These companies will be obliged to completely change their present arrangements if Superintendent Finlayson's requirements are carried out.

"I think it as well to give this information as while I propose to place our position as general agents of the Phoenix before you, at the same time the same condition exists with a great number of other companies. For nearly 30 years we

have represented the Phoenix Assurance Company, Limited, for British Columbia, reporting our business and dealing directly with the head office in London, and holding a power of attorney from the company. Subject of course to instructions received from the head office the policy of the company in British Columbia has been entirely in our control. The settlement of all losses is in our hands, and the funds of the company are deposited to their credit in a chartered bank and payments made from this account under power contained in our power of attorney.

#### Makes an Awkward Position.

"Superintendent Finlayson suggests in his memorandum and letter to Mr. Paterson that whatever powers might properly be given to general agents by the head office might continue to be exercised, but you will note also that he distinctly states the Phoenix of London British Columbia agents are to be under the control of the Montreal managers. In other words he is proposing the impossible, as while we are on most friendly terms with the Phoenix of London managers at Montreal, the company's operations in British Columbia could not be in our control, and at the same time in the control of the company's managers at Montreal, as differences of opinion would be bound to arise from time to time in which either we or the company's managers would be obliged to give way.

"Under the circumstances, while on the face of it, those not conversant with the conditions may agree with Superintendent Finlayson in his opinion that the disturbance in the business occasioned by the change would probably not be so great as anticipated, at the same time the ruling really means the loss of the control of the majority of the companies operating in western Canada that do not report to Montreal or Toronto.

"As stated, there may be some isolated cases where a company has a larger business in the west, in which case no doubt a chief agent residing in one of the western provinces could be appointed. In nearly every instance, however, the chief agency must necessarily be in eastern Canada.

#### Not Satisfactory to Department.

"Surely satisfactory arrangements can be made, whereby reports of business can be furnished the insurance department without taking the drastic action proposed by Superintendent Finlayson, who apparently has not recognized the serious disturbance to business that will result if the proposed changes are carried out. At the present time we furnish the Montreal office with a sworn statement of the company's business, as provided under the act and the figures contained in our statement are included with the figures submitted by the Montreal branch of the company in order that the statement for the whole of Canada shall be complete. Apparently this arrangement is not working to the satisfaction of the department. At the same time, it hardly seems reasonable that in order to facilitate the operations of the department it is necessary to completely change arrangements that have been in existence with a great number of companies apparently to their entire satisfaction for many years.

"I have not touched on the disadvantage to the general public in the event of the control of a company's operations being taken away from western general agents and managers and being placed in the hands of chief agents residing, in the case of British Columbia, nearly 3,000 miles away. It is obvious, however, that better service can be given, not only in placing business, but in the settlement of losses if the assured is in the position to transact business directly with a representative having full authority from the company."

The following companies have increased the number of their directors: Rubber Regenerating Company of Canada, Limited, from five to seven; the Reg. N. Boxer Company, Limited, from five to six, the latter company having also moved its head office from New Toronto to the city of Toronto.

The banks in Niagara Falls have united in making the following statement: "Owing to the increased premium rate charged by the Canadian banks for New York exchange, the only medium by which we can convert Canadian currency into the money of the United States, we are compelled to discount Canadian currency and items 1 per cent. on and after this date."