

fused into the direction. Heretofore the provisions in charters rendered the retiring directors immediately eligible for re election; and the result was that year after year for a long term, in some companies, the same directors were elected. The present bill only provides for the possibility of the Board going out in detachments every three years. But that he did not object to so much as the rendering the retiring directors eligible at once for re election. The directors get full control over the affairs of the company so long as they to any considerable extent enjoy the confidence of the shareholders. And hence, should a false step be made by the directors—and should they feel it their interest to cover it up—if losses occurred for which they were blamable, and they felt it to be their interest to conceal those losses, or not make them sufficiently clear—if they desired to do this, it was in their power to present their shareholders with statements of the company's affairs which were not accurate—and in this way, from year to year, the losses might be gradually and ruinously increased—shareholders being in very many instances too confiding and careless in their investments. The infusion of new blood into the directory yearly would do much to counteract this evil tendency. He quite agreed with the view that it was of the highest importance that a considerable number of the directors should be men conversant with the affairs of the company. Therefore he did not ask for anything so sweeping as that a thoroughly new board of directors should be elected annually. All he desired was that there should be a reasonable infusion of new blood. He made these observations in no spirit of hostility to the bill, but he did not want to let it pass without comment in that direction, as it was the first bill of any consequence in the way of stock companies coming before them, except the Erie & Niagara Railway Bill. His opinion was that there should be every safeguard thrown around such institutions as that now before the House. He could conceive of nothing more disastrous or more likely to shake public confidence in home companies than any weakness or failure in one of their Insurance Companies.

Mr. LYON agreed in many respects with the remarks of the member for South Bruce, but not fully. In the present measure it was proposed that five out of the fifteen directors should retire each year, and on their retirement it might not be possible to get their places filled by five others duly qualified. Still, he would have no objection to altering the clause, and making it so that the retiring directors should not be eligible for immediate election.

Mr. BLAKE said that he also desired to make another suggestion, not in hostility to the present Bill. The proposal was, that as soon as the \$300,000 stock was subscribed, and \$30,000 paid up, the company should commence operations. He did not object to their commencing on these terms; nor did he intend to suggest any proposal that the company should be bound to call in all the balance of its unsubscribed stock within any particular time; but he ventured to suggest that the security of the policyholders was a very moderate one. They had the cash security of \$30,000; unpaid stock, \$200,000; and at the commencement of the operations this might be satisfactory enough. But it seemed to him not unreasonable to require that this company, in some reasonable time, should provide that the remainder of its authorized capital of \$500,000 should be subscribed, and 10 per cent. paid within two years. A similar provision was made respecting banks. In the present case, obviously, the subscription and payment of 10 per cent. additional capital would be considerable additional security. It would give \$50,000 in cash, and a large capital stock to draw on—valuable, of course, only in case of the solvency of the stockholders. He thought the present charter would be improved, and they would establish a sounder principle of legislation in this particular, if his honourable friend having charge of the measure would suggest a time within which the Company would be bound to call up the capital.

Mr. LYON said he had no objections to this alteration.

Hon. J. S. McDONALD, on clause 8, objected to this corporation being allowed to speculate in real estate and mortgages. For the security of their policy holders, who, in the event of a fire, would require their money at once, it would not do to allow the Company to lock up their surplus funds in mortgages, which were not easily convertible at all times. He thought they ought to be shut out from such a class of investments. The best of investments—Dominion Stock—in which they could readily realise, was open to them, or Municipality Stocks.

Mr. BLAKE would go with the Attorney-General so far as to say that it was desirable to prevent the directors becoming speculators in real estate. Such as they held should be for use and occupation; and any not so required, they should be compelled to resell in a limited period, say seven years. On general principles he was prepared not to