

Mr. ILSLEY: The question is whether in connection with life insurance we should have tried a time limit, whether we should have said that the policy would qualify if it had run for five years and would not qualify if it had run for six years. The moment we get refinements like that we get into a field where it is impossible to make a rule, and hon. members, like the hon. member for Rosedale, would rise in their places and ask why, if it was all right for five years, it would not be all right for six years.

Mr. JACKMAN: That is the minister's suggestion, not mine.

Mr. ILSLEY: Just a moment. The way in which the resolution was drawn, at one stage gave some members the fear that we were going to test life insurance policies and rule on life insurance policies, and see whether failure to pay premiums really would lead to substantial losses by forfeiture. From various members the sentiment emanated that that was not a desirable thing to do. I agreed, and we did not intend to do it. We always intended to allow all life insurance, because of the impossibility of making a rule which would not give rise to a lot of discrimination.

But, generally speaking, the failure to pay premiums on life insurance hurts you. It results in substantial loss by forfeiture. Generally speaking, it is true, but the same is not true of certain annuity contracts. The only thing which happens to a person who has a government annuity contract, under the rule which we are laying down is this: If he simply cannot pay his annuity, make his annuity payment, and pay the amount to the government too—and in nearly all cases we would expect them to do that, namely to do both; we would hope they would because we certainly must expect more from most people of this country than merely the non-refundable taxes; we certainly must get more than that from them—

Mr. JACKMAN: It is optional with the person. You cannot force them to maintain a contract like that, if they cannot do it.

Mr. ILSLEY: Let me come back to what I was saying; I cannot seem to finish. If a person who has an annuity contract cannot keep up both—and as I say, in most cases I think he will be able to—then what happens? He drops one. The money goes into the consolidated revenue fund in a different way, and comes back to him later with 2 per cent interest. Whereupon he can pay up his back annuity payments, and carry on his contract. That was the way we tried to do. We are not trying to chisel him down. That would not pay. The government is trying to maintain

[Mr. Jackman.]

a principle, that's all. For application to private business, governments and everybody else it is trying to maintain a principle. If we once got away from the principle, and allowed any kind of praiseworthy or meritorious saving, then the compulsory savings part of our receipts would be very greatly diminished. They would not amount to much at all.

Mr. NEILL: You have to be cold-blooded.

Mr. FRASER (Peterborough West): I asked the Minister of National Revenue what kind of arrangement he had made with the insurance companies in regard to receipts he would require for these deductions. Has he come to any arrangement with the insurance companies as to the receipts people have to turn in with the insurance premiums?

Mr. GIBSON: No arrangement has yet been made with the insurance companies, because the bill has not yet been passed. These receipts will not be filed with the income tax department until about a year from now. Therefore there is no immediate rush to make that arrangement.

Mr. FRASER (Peterborough West): Oh, yes, there is an immediate rush, because these people who are paying their premiums will most likely have to have them in duplicate. A year from now they will find it difficult to get them in duplicate from the company. There would be a lot of writing back and forth. I am wondering if the minister has made any arrangement with the insurance companies.

Mr. GIBSON: We have not any definite arrangement, because the bill has not yet been passed.

Mr. FRASER (Peterborough West): Did the minister not discuss the matter with them?

Mr. GIBSON: I understand the matter has been discussed with representatives of the insurance companies.

Mr. ILSLEY: In pursuance of my undertaking to draw to the attention of the committee any new features, in so far as I can remember them, I want to point out that the class of straight life policies has been changed to some extent, but not to amount to a great deal. The policies which now qualify are those on the term plan, or which are of a type which provide for premiums to be payable throughout the lifetime of the insured, or until the insured attains at least the age of sixty-five years, and for a period of not less than thirty years. The premiums are slightly different from the premiums on straight life, and it is desirable to include those. Otherwise a great many policies barely distinguish-