

*Private Bills***PRIVATE BILLS**UNITED INVESTMENT LIFE ASSURANCE  
COMPANY

Mr. Grant Deachman (for Mr. Wahn) moved the second reading of Bill No. C-114, to incorporate United Investment Life Assurance Company.

He said: Mr. Speaker, I rise this afternoon to present Bill No. C-114 on behalf of the sponsor, the hon. member for St. Paul's (Mr. Wahn). The bill is to incorporate United Investment Life Assurance Company. The company is to be incorporated for the purpose of carrying on the business of a life insurance company throughout Canada.

United Funds Management Ltd. will subscribe for \$500,000 of the capital stock of the company and will make a further contribution to surplus of \$500,000. Within two years of commencement of business, United Funds Management Ltd. will sell to officers, directors and employees of the company and, if necessary, others who are Canadian residents 25 per cent of the capital stock of the insurance company for the same price.

United Funds Management Ltd. is an investment management company which is the investment adviser with respect to the portfolio of United Accumulative Fund Ltd., a Canadian mutual fund with assets in excess of \$300 million. Over 99 per cent of the 130,000 shareholders of United Accumulative Fund Ltd. are Canadians, as are 13 of the 15 members of its board of directors. Approximately 19 per cent of United Funds Management Ltd. shares are owned by Canadian residents.

Waddell and Reed Incorporated will, within two years of commencement of business of the insurance company, make a public offering to Canadian residents of a sufficient number of the shares of United Funds Management Ltd. to bring its share ownership to below 75 per cent. Accordingly, within two years of the insurance company commencing business the indirect ownership of Waddell and Reed Incorporated, in the insurance company will be reduced to a maximum of 56.25 per cent with practically all of the balance owned by residents of Canada.

United Funds Management Ltd. will undertake to sell to Canadian residents within ten years of the commencement of business of the insurance company sufficient shares of the insurance company then owned by them to bring the indirect ownership of Waddell and Reed Incorporated in the Insurance Company to below 50 per cent.

[Mr. Deputy Speaker.]

The insurance company will initially offer for sale term insurance and ordinary life insurance, stressing forms of such insurance which complement the investment requirements of the shareholders of the mutual fund, United Accumulative Fund Ltd. The fund has over 130,000 shareholders. Other policies of insurance will be studied and introduced if found to be appropriate.

The insurance sales force will operate out of the existing branch offices of United Investment Services Ltd., the selling organization, which is a wholly owned subsidiary of United Funds Management Ltd. There are presently 62 such branch offices serving almost all of the major cities across Canada and ready to provide facilities and service to the insurance sales force.

Management and administrative personnel and facilities of the parent company and its subsidiaries are available to provide efficient low-cost service in the establishment and administration of the insurance company, including computer facilities and experience in servicing 130,000 customer accounts, many of which remit investments on a monthly, quarterly or annual basis, one form of which includes the handling of insurance applications and claims. Experienced management personnel will be readily available for consultation and an estate settlement department is already in operation.

Initially, the insurance company's funds would be invested largely in federal, provincial and municipal bonds. However, with growth the investment advisors of United Funds Management Ltd. would be called upon to guide the company in its investment activity to allow for diversification to include investment in corporate bonds, mortgages and other securities allowed under the Canadian and British Insurance Companies Act.

Extensive feasibility studies and projections have been carried out by Eckler Brown and Company Ltd., a firm of consulting actuaries in Toronto, projecting that there should be an operating gain in the third year and subsequent years and that the cumulative operating gain should exceed the surplus strain some time in the fifth year and that by the tenth year there should be a net surplus gain of \$1,400,000.

The actuary made his findings after several consultations had taken place between the department of insurance, the actuary and company officers and an examination of