

*Pioneer Trust*

**Mrs. McDougall:** Mr. Chairman, I will try to answer the question. I will not comment on the program because I did not see it. The Superintendent of Insurance has a very stringent role to play in advising the Minister on the state of particular companies. I think that the Superintendent of Insurance acted most appropriately and I have every confidence in the actions he took.

**Miss Nicholson (Trinity):** Mr. Chairman, I also have a number of questions for the Minister. The first question concerns the guaranteed income averaging certificates. A statement has been made in the House that in at least two cases people owned such certificates which had "insured" stamped on them even though we know they are not. I am aware that the CDIC regulations require disclosure but that there is no penalty for failure to disclose. In these two cases, however, it would seem that this is more than a failure to disclose. This is misleading information. I would be interested to know if any steps are being taken about that situation.

**Mrs. McDougall:** Mr. Chairman, along with the evidence sent to me, some of it by Hon. Members of this House, some of the deposit certificate holders, who I think were quite naturally upset as well as confused, sent me copies of their certificates. But none of these certificates said they were insured. The statement on those certificates said, "Member of the Canada Deposit Insurance Corporation", which is a different statement. It is obviously a very subtle distinction in the minds of members of the public.

These problems also went back quite a long way because the CDIC did catch up with this in 1979 and started requiring the company to indicate on the face of the certificate that these were not insured under the meaning of the Act.

Certainly, if I had been the Minister in 1979, I would have jumped on that an awful lot faster in terms of what happens around other institutions. I have directed the CDIC that it is to make very clear to the institutions how much is insured and how much is not. Income averaging annuities are not issued any more, but there are a lot of them out there. There may be others who have run into this problem and I am very disappointed that the former Minister did not deal with this.

**Miss Nicholson (Trinity):** Mr. Chairman, I also have some questions about the renewal of the licence in December, 1984. The sequence of events was that in May, 1984 a report was made to the then Minister. In June, 1984, a hearing was held and limitations were placed on the company's licence. There were a number of limitations which restricted its investments and reduced its borrowings. There was also a requirement that it improve its capital position. The company was given until December 31, 1984, to comply.

We have just heard that the licence was extended on a month-by-month basis after December 31, 1984. I would like to know on what basis this was done and what kind of proof it provided that it had complied with the requirements over the six months. Or was it simply a request for additional time in

which to do it without any guarantee or any evidence that it had made a serious effort?

**Mrs. McDougall:** Mr. Chairman, the only part of the directives which had not been complied with by the company was the need to raise additional capital. The other requirements were complied with and the Superintendent of Insurance monitored the company on a regular basis to ensure that that was happening. When the licence was extended, it was extended on the basis of a forthcoming provincial guarantee of a new preferred stock issue. We had no reason to believe that this would not resolve the need to build the capital base.

**Miss Nicholson (Trinity):** Is it true then, as has been stated in this House, that the Saskatchewan Government undertook to guarantee that process just described by the Minister without looking at the books, and when it did look at the books, it took flight and retreated?

**Mrs. McDougall:** Mr. Chairman, I cannot answer for the action of the Province of Saskatchewan. I think that it believed it was acting in a responsible way. It was in touch with the company. I was not present when its officials talked to the company and I do not know what examinations they undertook. However, I am sure that the Treasurer of Saskatchewan is a responsible man and that he make the undertaking in good faith.

**Miss Nicholson (Trinity):** Mr. Chairman, I am sure the Minister can understand that it is a little difficult to believe that the Province of Saskatchewan gives certain undertakings on the basis of which the federal Government extends a licence and then, within a matter of weeks, backs off and says, "No, we cannot do this". Surely there must have been some explanation or reason for the change?

**Mrs. McDougall:** Mr. Chairman, I think the Treasurer of the Province of Saskatchewan should speak for himself. I think the Province of Saskatchewan discovered that it might cost a little more than expected. It had given a letter of undertaking, but on a detailed examination it determined that it was not in the interests of the people of Saskatchewan to go forward. But I do not want to stand in this Chamber and speak for the Treasurer of Saskatchewan.

**Miss Nicholson (Trinity):** Mr. Chairman, I am not trying to put the Minister on the spot. I am not trying to ask her to speak for the Government of Saskatchewan. But surely if the licence was extended on the basis of commitments made by the Government of Saskatchewan, then when the Government of Saskatchewan decided to withdraw from those commitments, it must have given some explanation. Can the minister make that explanation public? Can she tell Hon. Members of the House what it was, or table the correspondence?

**Mrs. McDougall:** Mr. Chairman, I cannot document or table our conversations at that stage because our discussions were on the telephone. Obviously, time was of the essence at that stage. I have indicated my understanding of the Treasurer's reasons at that point. The Province of Saskatchewan