

Inspector General of Banks

The Inspector General is a permanent civil servant, responsible to the Minister of Finance. His responsibility is to ensure that the ten chartered banks of Canada and the two savings banks in the province of Quebec are operating in accordance with the provisions of the Bank Act, or the Quebec Savings Bank Act. The Bank Act specifies the transactions in which chartered banks may legally engage, and embodies regulations designed to ensure the proper conduct of the banks' affairs.

The Inspector General has free access to the accounts of the banks, and makes his findings known in periodic reports to the Minister of Finance.

DEPARTMENT OF INSURANCE

The Dominion Acts under which insurance companies are registered are administered by the Department of Insurance, under the Minister of Finance. The chief permanent officer of the Department is the Superintendent of Insurance.

To obtain registration, an insurance company must satisfy the Minister of Finance that it is sound and solvent and make a deposit of securities, ranging from \$10,000 to \$100,000, depending on the type of business to be undertaken. In addition, a full and complete financial statement must be filed.

Annual returns are required from all registered companies. The Superintendent of Insurance examines the books and records of the companies to check the accuracy of their returns and the soundness of their financial position.

Foreign companies are required to maintain in Canada assets sufficient to cover all their Canadian liabilities, while Canadian companies are required to maintain all their assets in Canada, except for amounts necessary to deposit abroad as security for foreign business.

In 1944, the total life insurance in force in Canada, by Dominion registered companies, was approximately 9 billion dollars -- equal to about \$763. per capita of Canada's population; fire insurance in force in companies, associations, or underwriters licensed to transact business in Canada was over 15 billion dollars in 1944; miscellaneous insurance in force in 1944 amounted to over 61 million dollars.

THE BANK OF CANADA

The Bank of Canada was incorporated by statute in 1934, and began its operations in 1935. It is Canada's central bank: a non-commercial bank of issue. Originally financed by public subscription, the Bank was brought under government ownership in 1938. Profits of the bank are paid into the consolidated revenue fund.

The Bank of Canada acts as the fiscal agent of the Dominion government. It does not accept deposits from individuals, and does not compete with the chartered banks.

Chartered banks are required to maintain a reserve of not less than 5 per cent of their deposit liabilities in deposits with and notes of the Bank of Canada, which thus regulates the statutory reserves of the chartered banks.