

Department of Insurance Act

and I say quite frankly to him he was either afraid to do so or did not know where it would go.

I must confess that the detailed provisions of this bill are very complicated, and I am pleased the minister has agreed that it be sent to the banking and commerce committee. I am pleased that he is not repeating the mistake made by his colleague, the Minister of Agriculture (Mr. Hays), who had to fight on the floor of the house to get a bad bill passed, a bill which would have taken half the time in committee of the whole had it been sent first to the committee on agriculture, the members of which could have gotten a great deal more information which ultimately would have resulted in a better bill. Therefore to that extent the minister acted very wisely. Perhaps it was a question of live and learn.

Mr. Gordon: Live and let live.

Mr. Lambert: No, I think it was a question of live and learn. In any event, there are provisions in this bill dealing with the retention of ownership in Canada and the control of Canadian life insurance companies not now under foreign control.

I must reiterate what was said by my colleague, the hon. member for Digby-Annapolis-Kings (Mr. Nowlan), that there seems to be some sort of fixation on the matter of control of the companies covered by the four bills that are being amended by Bill No. C-123. I believe the minister really means he wants to establish a greater degree of Canadianism in the ownership of these firms because the question of control, as pointed out by the hon. member for Digby-Annapolis-Kings, really lies with the superintendent of insurance and the governor in council.

This area of financial activity, and that of the chartered banks, are among the most carefully scrutinized and overseen. There is not any manufacturing or retail concern which has, in a manner of speaking, some government official sitting alongside the president's desk, as one might literally say is the case with life insurance companies and foreign insurance companies, where there are regulations governing the nature of their investments and the trust funds they must have on deposit with the government. My colleague put these matters on record this afternoon and they will be found in today's *Hansard*. Therefore I say this question of ownership and control is confused in the government's thinking, and it is trying to convince the public that by introducing these provisions it will establish greater control over these companies.

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The minister is trying to do something with one hand which he is undoing with the other, and I cite one point, in that right at the very beginning of the bill there is a provision which reduces the financial qualifications for directorship. Under the law as it stands, in order to be elected a director of a life insurance company a shareholder must have in his name shares in the amount of at least \$2,500, or on which at least \$500 has been paid as capital, or credited as capital, if such calls have been made on those \$2,500 shares; but under the provisions of this bill this amount is reduced to \$250, which it is stipulated shall be paid in cash. In other words there is a reduction of the application for shares to one tenth, or of the actual posting of cash to 15 per cent. This means nothing so far as ownership and control are concerned.

I shall have something to say later about the question of who is a resident of Canada, but under this proposal a foreign national resident in Canada, having \$250 worth of common stock in a life insurance company, is fully qualified to be elected a director. The control lies in a whole body of directors and you could have a whole series of foreign nationals resident in Canada, as executive officers of a life insurance company, but whose investment is a mere \$250. That is a pittance, and one can give them the whole beneficial interest. They do not have to hold these shares in trust.

What is \$250 today? And therein would lie the day to day control of the board of directors, the control of that company; because in a public company such as many of our life insurance companies are, it only requires effectively a small group owning a relatively inconsiderable proportion of the share capital to really control it, because the individual shareholders do not turn up; they sign proxies in favour of management. As long as things go reasonably well you can control one of these companies with 20 per cent of the shareholdings. It is a continuation, so control lies not in Canadian hands but in foreign hands. But we are asked to say they shall be residents.

Again I make the point I made last year at the time of the minister's budget and again this year, on this question of Canadianization. The fact that persons are ordinarily resident in Canada, if this is to be the yardstick of Canadian control, I say to the minister is meaningless. I would prefer, as I indicated this afternoon, the provision in one of the private bills for the incorporation of a