

*Adjournment Debate*

premiums of \$1.5 billion for this year while their losses are only \$150 million. There is something wrong there.

What is the answer? What is that, Madam Speaker? Are you saying that perhaps they should go bankrupt? You know, Madam Speaker, that any claim against a municipality, if it tried to go bankrupt, would just be thrown out of bankruptcy court. That will not work. Nor will it work if you have one single, solitary liability claim against you, Madam Speaker, because no bankruptcy court will forgive that.

What other ideas might you have, Madam Speaker? Perhaps you think the claim should be limited, that there should be a cap or ceiling put on the claims that can be awarded by the courts. Of course, you would not think it fair if someone was injured and had to spend the rest of his life either in a hospital bed or a wheelchair with 24-hour-a-day care without collecting from someone else who had been negligent for the cost of that care. I know that you would not feel that that was fair, Madam Speaker. I know that.

● (1815)

The real answer is a case of leadership. It is leadership on the part of the Minister of State for Finance (Mr. Hockin) to get together all of the insurance industry in this country and to establish a national reinsurance market in Canada. That is what we need. That is where the problem is. There is a lack of that national reinsurance market. The problem is that for reinsurance Canadian insurance companies have to go to places like London, England, places where they do not distinguish between claims made in Canadian courts, the small, piddly claims, and the big whopper claims made in the United States.

Madam Speaker, I know that you are telling me that that is a provincial matter, that it is not really a federal matter. Of course, there is a lot of merit in that, Madam Speaker. You are right. Last week in the Province of Ontario there was legislation introduced to establish a Canadian insurance exchange. You know that, and I know that, Madam Speaker. But at the same time, it is a national problem as well. It is not just a local Ontario problem, but a national problem. It is a national problem for which we should have leadership from the Minister to solve.

I know, Madam Speaker, that tonight you will be extremely disappointed, I will be extremely disappointed, and the people of Canada will be extremely disappointed if we do not hear from the Parliamentary Secretary that the Minister is taking leadership, and will solve this problem immediately.

[Translation]

**Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance):** Madam Speaker, the problems associated with liability insurance were precipitated by what may be characterized as largely external forces. A major contributing factor was a worldwide tightening of reinsurance markets, partly in response to the recent high incidence of disasters which insurance companies have had to cover, and partly in

response to increasing difficulties reinsurance companies are having in assessing the court awards associated with the accidents they cover. Court settlements, particularly in the United States, have escalated in size and number over the past few years. This has been attributed to a changing interpretation of negligence in the courts, and to an increase in lawsuits in general. These trends have constricted insurance markets globally. As you well know, Madam Speaker, Canada is not immune from these international conditions. However it is encouraging to see that insurance companies and those seeking insurance have responded to the market disruption in a constructive way. Insurance companies have endeavoured to cover their more dangerous risks collectively through pooling arrangements. Where businesses or public agencies have been unable to acquire coverage through traditional insurance market routes, in many cases they have created self-insurance schemes or reciprocal insurance pools as alternative means of obtaining coverage. These are indeed positive responses that help in solving the current market problems.

As has been recognized, there is considerable provincial responsibility in this area, as contract and tort law are within provincial jurisdiction. This Government has been most supportive of provincial initiatives, and has encouraged the solutions the provinces have developed to meet the problems. For example, as was mentioned, last January the Ontario Government set up a task force to seek solutions for cost and capacity problems in the property and casualty industry in Ontario. The task force's comprehensive report recommended against Government intervention in insurance markets in general. It did suggest, however, that for the markets experiencing more pronounced difficulties, such as pollution liability and export liability insurance, the Government might intervene in a limited way through establishing insurance pools. The Ontario Government has acted on this recommendation, setting up pooling arrangements to make coverage more readily available within these difficult liability insurance lines.

The Hon. Member will be particularly interested to know that the Ontario Task Force on Insurance also recommended creation of a Canadian Insurance Exchange to expand capacity in the Canadian reinsurance market. My understanding is that this reinsurance exchange is scheduled to be in operation in January 1987, if not before.

The federal government has also taken an important initiative for the long term health of the industry. We have introduced Bill C-8, which increases capital and surplus requirements to improve solvency and stability in the property and casualty industry.

● (1820)

[English]

AGRICULTURE—ASSISTANCE FOR GRAIN PRODUCERS. (B)  
PROVISION OF FUNDS

**Mr. Stan J. Hovdebo (Prince Albert):** Madam Speaker, last Wednesday I asked a very straightforward question regarding