

## The Equals Approach

All is not commendable in terms of provincial initiatives. In April 1988, Ontario introduced the "equals approach" as part of the legislation to revise the *Loan and Trust Corporations Act*. Under this approach, a trust company which operates in Ontario is, for certain activities, subject to Ontario regulation and supervision in all its operations (including those in other provinces) even if it is incorporated under federal law or the law of another province. While the Committee sympathizes with Ontario's ultimate goal, namely the province's desire to protect its citizens from the potential costs of financial-institution failure arising from more lenient rules in the chartering jurisdiction, it opposes the extraterritorial reach of the equals approach.

Canadians have a long tradition of vigorously opposing U.S. legislation that applies extra-territorially in Canada. Surely we cannot countenance this sort of legislation within our boundaries. One of the Committee's challenges will be to accommodate concerns like Ontario's without fragmenting the national market for financial services.

This completes our selective survey of provincial initiatives. Detail relating to other initiatives appears as Appendix B ("A Chronology of Selected Financial Policy Initiatives since May 1986").

## RECOMMENDATIONS AND OBSERVATIONS

7. Several provinces including Ontario, Quebec, British Columbia and New Brunswick have updated their legislation as it pertains to trust, loan and insurance companies. This has already resulted in some switching of charters from federal jurisdiction to provincial jurisdiction. Recently, some large trusts indicated that they were considering following suit. The window of opportunity for federal legislation is rapidly closing. Any significant further delay will imply that there will likely be little left to regulate at the federal level, particularly in the trust sector.

### New Initiatives in Insurance

- *Consumer Protection*

From the Committee's 1985 Report, *Deposit Insurance*:

#### Recommendation 25

... the Committee encourages the Canadian Life and Health Insurance Association to develop its own consumer protection plan. However, should [the industry] wish at some point in the future to become associated with the CDIC [it] should have the opportunity. In such a case [the industry] would enter with a separate pool and would be allowed to appoint a representative to the CDIC's Board of Directors.

The Committee is pleased to observe that the CLHIA has carried forward its intentions in the consumer protection area. In 1988, a federally incorporated private company—the Canadian Life and Health Insurance Compensation Corporation (CompCorp)—was established to administer its pending consumer protection plan.

While the option of associating with the CDIC is probably no longer relevant, the CompCorp coverage limits appear to be set with CDIC limits in mind. Under CompCorp there are three separate classes of insurable policies, each with its own limits: