

Department of Insurance Act

ing to parliament for an amendment to their acts of incorporation for this purpose.

As respects loan and trust companies, the investment powers relating to common shares would be broadened in a manner similar to that discussed for insurance companies. Also the amendments would permit these companies to lend up to 75 per cent of the value of the real estate on a mortgage loan rather than the 66 $\frac{2}{3}$ per cent as at present. This change parallels the change discussed earlier relating to insurance companies.

The limit on the amount that may be borrowed by a loan company or accepted in trust for an investment by a trust company would be increased from what is, in effect, 12 $\frac{1}{2}$ times the excess of the company's assets over its liabilities to 15 times. It is believed that in the light of the financial strength and stability of our major trust and loan companies, such an increase is justified. It may be noted that the increase from 12 $\frac{1}{2}$ to 15 times will be subject to the approval of treasury board on the recommendation of the superintendent of insurance. Thus, care will be taken to ensure that a company is well managed and in a sound condition before permitting it to take advantage of this provision.

The provisions relating to the granting of a French or English version of a company's corporate name noted earlier in connection with insurance companies are included in the bill with respect to loan companies and trust companies.

British insurance companies and foreign companies authorized to transact insurance in Canada are, under existing legislation, required to maintain assets in Canada on deposit with the Minister of Finance or vested in trust with trust companies at all times at least equal to their liabilities in Canada. It has been traditional to specify the classes of assets that may be so deposited or vested in trust in such a way as to make them parallel so far as is possible to the classes of assets in which a Canadian insurance company may invest its funds. This is an appropriate principle, since in both cases the welfare of Canadian policyholders is concerned. It would not seem reasonable to put the Canadian policyholders of a British or foreign insurance company in a disadvantageous position by imposing limitations on the investments of such companies that are not imposed with respect to Canadian companies. Therefore the traditional pattern is being continued and these amendments and the changes in the investment powers of Canadian insurance

[Mr. Gordon.]

companies would be carried over to the classes of assets eligible for depositing or vesting in trust in Canada by British and foreign companies.

I should like to close these remarks by expanding briefly on the proposals contained in this bill concerning the retention in Canada of Canadian ownership and control of life insurance companies, trust companies and loan companies.

There are, at present, 38 Canadian life insurance companies registered under the Canadian and British Insurance Companies Act. Of these, 13 are mutual companies and thus questions relating to the ownership of shares do not arise. Such companies are owned by their policyholders. Of the remaining 25 companies 13 are under non-resident control and 12 remain in Canadian hands.

The 13 mutual companies transact 36 per cent of the total insurance business in Canada and the 25 stock companies about 29 per cent, but of this 29 per cent only 5 per cent is in the hands of the 13 companies under non-resident control at the present time, and 24 per cent is in the hands of the 12 stock companies remaining under Canadian control. This proposed legislation would apply to these 12 companies.

It may be of interest that prior to 1955 there was only one federally incorporated life insurance company owned by non-residents. Beginning in that year, and continuing through to 1960, non-residents acquired control of five federally incorporated life insurance companies, and also of two provincially incorporated life insurance companies that were registered under the Canadian and British Insurance Companies Act, and so came under the supervision of the federal department of insurance. In addition, five new life insurance companies were incorporated by parliament in this period where ownership and control were in the hands of non-residents from the outset.

It will also be of interest to mention that five Canadian life insurance companies took advantage of the amendments of 1957 to convert themselves into mutual companies. These included some of the very largest companies, and it is virtually certain that but for this action some or all of these five companies would now be under non-resident control.

There are at present ten federally incorporated loan companies subject to the Loan Companies Act, and eight federally incorporated trust companies subject to the Trust Companies Act. None of these companies is controlled by non-residents at present.