

Supply—Finance

insurance has kept me informed of the letters, particularly during the winter period when we were coming up to the 31st of March.

I should add, however, that the correspondence is still going on. We have had a very acrimonious correspondence, not only with the president but with others on his behalf in connection with this transaction. Earlier this week I signed a letter answering one of them. The incident is not closed by any means. Without saying that the minister would consider an amendment to the act if his powers are limited at the moment, let me put it that we are continuing consideration of this particular case. But my hon. friend should bear in mind that the policyholders, being policyholders of a joint stock company, would not necessarily benefit by any cancellation of this arrangement or anything of that nature except in so far as the additional funds might act as something to assist the company in a competitive field.

I do not think the house would expect me, within the four months, shall we say, after the first letter from the superintendent of insurance advising the company of his disapproval, to cancel a licence affecting a good many policyholders and a good many shareholders. Nevertheless this is not to say that corrective action should not be taken. I can only repeat what I have said, namely that the correspondence is still going on. I would add that the correspondents have given up the superintendent of insurance and are now writing to me in connection with this matter. I must say that I share the views of the superintendent of insurance on this point, and hope we find a way of dealing with the matter so it will not be discussed on my estimates next year.

Mr. Coldwell: I am happy to hear what the minister has to say. I am not suggesting that he should take precipitous action in a case of this sort because of the many persons and other considerations that are involved. I am glad to know that he agrees with the superintendent of insurance and that it will not be necessary to raise this matter a year from now.

Mr. Harris: I hope not.

Mr. Coldwell: He hopes not and I hope not. But I can assure him that if it is necessary, it will be raised. I hope the very discussion of this matter may have a salutary effect in any event. That was the purpose of raising it this morning in the house.

The Chairman: Shall item 158 carry?

Mr. Nicholson: No. Before this item carries I should like to make a suggestion to the minister. When an increase in salary for

[Mr. Harris.]

senior officials of the government comes along, I suggest that the superintendent of insurance should have favourable consideration. I consider that he has performed an extremely valuable service in connection with the correspondence with this particular company. I think hon. members of the house should appreciate the position in which civil servants find themselves. When they have to talk business with a gentleman who drives up to Ottawa in a Cadillac, with a financial record behind him such as Mr. Putnam has, it takes a great deal of courage to stand up for what is right as the superintendent of insurance certainly has done in this particular case.

The correspondence with Mr. Law, one of the directors, suggests something of the abuse the superintendent receives. In Mr. Law's letter of December 27 to Mr. MacGregor he says this:

In view of this you have led me to come to the conclusion that a director of an insurance company requires a different type of brain and training and if this is the case I would appreciate learning from you what myself and the other directors require to qualify us as directors of an insurance company. In this respect I am quite prepared to follow any suggestions that you may have of a concrete nature.

In order to proceed along these lines I would respectfully suggest that you give me direct answers to the following questions:

1. As directors of the Canada Health and Accident Corporation are we not within our rights to decide on a policy of whether the company shall refrain from owning real estate?

2. Having decided on the above policy and surveyed the local properties available for rent . . .

I will skip this paragraph and go to the next one.

5. Que. (from Mr. Dunn) "In ordinary commercial practice this would never be a problem but is there any section of the act that prevents an officer of a company from owning real estate and renting such to a company in which he is a major shareholder?"

This is Mr. MacGregor's reply.

Ans. (from Mr. MacGregor): "No, but under section (66) such an officer would not be allowed to sell such real estate to the company . . ."

I submit, Mr. Chairman, that all hon. members should read carefully the correspondence which appears in the report of the superintendent of insurance for the year ended December 31, 1953. I am sure they would get a good deal of satisfaction from the fact that we have in the civil service of Canada men and women who are prepared to stay with the service when they see evidence as to what might have been if they had gone into the private insurance field. I direct attention to these two paragraphs in the superintendent's letter of December 17, found on page xii