

Government Orders

With this amendment, that employee can come forward and give the information without any fear of being sued. I think that this amendment will result in a better audit. It could mean better financial statements and a better chance also for the superintendent to catch small problems. If they are not caught at the beginning, these could mushroom into huge problems and might eventually in the end cause a bankruptcy in that institution.

Another amendment that we in the Liberal Party propose is what you call a plain language amendment. We are extremely disappointed that the government did not see fit to support us in this amendment. It would require trust companies and other financial institutions to put into plain language various documents signed by customers.

I think it is extremely important that customers understand what they are signing. I know that we have all seen documents whether they are from an insurance company or a trust company or a bank that generally are very difficult to read. They have small print and very long sentences and they also have a lot of legal jargon in them.

This amendment that I proposed and which the government defeated involved using shorter sentences and everyday words. It was to make the document as easy to follow as possible.

I want to acknowledge though that certainly there has been some progress in this whole area. The financial institution industry itself has looked at this. It realizes that a lot of its documents are difficult. It is practically impossible for the average person to understand some of them.

There has been a trend by the financial industry itself to put a lot of its documents into plain, everyday language and I certainly commend them for this.

When I brought this up last week the member for Mississauga said that it was too difficult to do. This has been done. In the United States there are 10 states that have passed this legislation. New York was the first in 1978 and the results have been very impressive.

We also have a province in Canada that has passed this legislation. Alberta put plain language into law in 1990. It was an amendment that was reasonable because it gave the insurance companies and the trust companies and the banks two years to get these documents into everyday language.

Also it was not for everybody. This plain language amendment did not apply to large customers who would be borrowing over \$250,000. As I mentioned, the government did not see fit to support it. It said it was too difficult. That is not an answer. That is an answer, but it is not a proper answer because this has already been done. It has already been accomplished in 10 states and one province.

I think it would go a long way toward improving the services of financial institutions to consumers. I was very displeased that the government would not support this amendment. I think it is an amendment which would help immensely consumers of financial institutions.

In looking over all at this legislation the banks, the trusts and the insurance people tell us that generally they are pleased with the content of the new legislation. We certainly feel that the consumer is going to benefit in many ways. As I said, that was one of our main objectives. We wanted consumers to benefit and we are confident they will.

The industries have said they are generally happy. They want to end the wrangling over specific powers and they want to get on with it. That is exactly what we in the Liberal Party are prepared to do.

There will be a five-year review of these bills. At that time there will be a lot of issues that will have to be revisited. These are issues that we were unable to resolve to the satisfaction of people concerned during our year's study of this whole area of financial institutions.

That review is extremely important. The whole financial institution industry is moving so quickly. We proposed in committee that that review should take place in three years but the government turned it down. As I said it will be five years as is in the legislation that we are giving third reading today.

One issue that no doubt will take a lot of debate the next time around, as it did this time, is whether banks and trust companies should sell insurance. Certainly I want to note that the world is changing in this area. If we look at Europe in 1995 I understand that banks will control about 20 per cent of the life insurance market. In Spain banks are said to distribute 74 per cent of the life and pension types of insurance. That is a whole issue which I am sure the committee will spend a great deal of time on five years down the road.