

*Insurance Bills*

Mr. BENNETT: I desire to repeat what was said by the minister in bringing forward this bill: I think some six of our provinces, realizing the desirability of uniformity, have left the question of inspection entirely with the federal authority. The larger provinces, as well as British Columbia, feel that they may want to carry on this inspection themselves, but they have not finally made up their minds upon that point. I think what the hon. gentleman has in mind is this: The head offices of all the insurance companies make out their annual returns, which have to do with all those matters that are common to the forty-eight jurisdictions in the United States, and then the special requirements of each individual state are met by supplementary returns attached to the main return. It is a very complicated matter. For instance, a company domiciled in the state of New York makes its return to that state in conformity with the requirements of the superintendent of insurance there. The state of Arizona, for example, may have additional or not so many requirements. The company merely amends the same report for the purpose of meeting the requirements of the other states. I think the hon. gentleman suggested that a copy might be sent to each authority. That would not satisfy the requirements. In the United States each state imposes its own method upon the companies, and they make supplementary returns to satisfy the requirements of each state.

Mr. CAYLEY: I had reference to the periodical inspections and audits.

Mr. BENNETT: This is the way it works out in practice, I think: Inspection is made in the domicile of the company because they have control over the enterprise. They go and search securities and matters of that kind. Other states satisfy themselves in any way their legislation may require, either by having everything verified in form, by having some one attend and make a search, or by any other method which may be desirable. So far as business in the particular state is concerned, they usually make a computation of reserves and insist that there be deposited in the state sufficient security to take care of the reserves computed on the rate of interest provided for by the statutes.

Mr. CAYLEY: What is the arrangement in Canada among the various provincial superintendents of insurance?

Mr. BENNETT: Prior to the decision of October last, our superintendent of insurance and his officials inspected all companies regis-

[Mr. Cayley.]

tered in Ottawa but he exercised no jurisdiction over those companies having purely provincial incorporation. For instance, without going into names, there are several companies in Ontario which have provincial charters; our superintendent of insurance did not inspect them at all in any way but if they came here, then he and his officials had responsibility for their inspection. Have I made myself clear?

Mr. CAYLEY: No, you have not. Certain provincial companies have gone beyond the bounds of their own province and are doing business in several provinces, and I should like to know if there is some arrangement among the superintendents of the provinces as to this periodic audit and inspection.

Mr. BENNETT: My answer is that that is a matter over which unfortunately we have no control—they go and do as they please. In the case of a provincial company incorporated in Ontario and doing business in Manitoba, I cannot say what Manitoba does. That province may or may not accept a provincial audit, but there is no federal audit by our superintendent of insurance.

Mr. CAYLEY: I understood that the province in which the head office is located made this inspection and audit and the other provinces accepted their certificate.

Mr. BENNETT: That may be so, but we have nothing to say about it. I am bound to say that I believe that some provinces, in order to save expense, are doing just what the hon. gentleman has said, but in view of the decision last fall of the privy council we have no power or control because the company is provincial in origin and has got into other provinces according to the laws of those provinces. Therefore, the inspection started as provincial and it continues as provincial and we exercise no control. Personally, I think it is very undesirable that there should be any conflict of jurisdiction in these matters, I think a uniform inspection and audit of all insurance companies would be in the public interest. However, that is only my personal view. As the minister has indicated, several of the provinces desire that state of affairs to continue. I understand the hon. gentleman has had experience in these matters and he will realize that where you have a premium rate fixed upon, (a), the earning power of money over a long period of years and, (b), the expectation of death over a long period of years, it is undesirable that the rates of interest should be higher in one province than in another for the pur-