

*Private Bills*

Company was incorporated in the United States in 1931 by Sears, Roebuck and Company, and all the shares in Allstate Insurance Company were held by Sears, Roebuck. In 1949 the Allstate Insurance Company was licensed to carry on business in Canada. In 1953 Sears, Roebuck and Company bought a half interest in the mail order business of the Robert Simpson Company Limited and that business has since been carried on, I believe, under the name of Simpsons-Sears. One of the terms or conditions of the sale of that business was that an interest in the insurance business in Canada would be transferred and assigned over to Simpsons-Sears.

In 1960 the Allstate Insurance Company of Canada was incorporated by act of this parliament, chapter 50 of the statutes of 1960. In 1957 the Allstate organization in the United States incorporated a subsidiary, Allstate Life Insurance Company, and commenced operations in the life insurance field. The life insurance company was licensed under the Foreign Insurance Companies Act in Canada in 1960 and has since written approximately \$15 million worth of life insurance business in Canada.

As part of the sale of its mail order business by Robert Simpson Company Limited to Sears, Roebuck it was agreed that an interest in the Allstate insurance business would be sold or transferred to Simpsons-Sears Limited. The only way in which Simpsons-Sears Limited can obtain an interest—at least, so they have been advised by counsel—in the Canadian business of Allstate Insurance Company is to incorporate a separate company in Canada to which the existing Canadian business would be transferred and which would write all future Canadian policies. It was for that purpose that the company was incorporated in 1960 under Canadian law as the Allstate Insurance Company of Canada, with power to write all lines of insurance other than life. The present bill empowers the Allstate Life Insurance Company of Canada to write life insurance, accident and sickness insurance.

The shares of both Canadian companies will be owned to the extent of 75 per cent by Allstate Insurance Company, that is, the American company, and to the extent of 25 per cent by Simpsons-Sears Limited. Simpsons-Sears Limited is owned 50 per cent by Simpsons Limited and 50 per cent by Sears, Roebuck and Company. It is the hope and intention of the Allstate Insurance Company of Canada and the Allstate Life Insurance Company of Canada to commence active operation early in 1963. It is hoped that this bill will go through and the company will be incorporated so that the necessary transfer can be arranged before the end of this year. As the bill will be referred to the banking

and commerce committee, I would suggest, Mr. Speaker, that if there are any delicate questions they be withheld until counsel for the company and representatives of the company in addition to Mr. MacGregor, the superintendent of insurance, appear before the committee. I know they will be able to give the necessary answers and I might not be able to do so.

**Mr. Reid Scott (Danforth):** Mr. Speaker, I rise to participate in this debate because I should like to draw the attention of the house to one or two matters in connection with the bill which are disturbing to me and which I should like to have discussed in the house. The most disturbing feature to me in connection with the bill before us is that we are being asked to incorporate a Canadian life insurance company that will be almost exclusively controlled from another country. The proposal before us envisages that 75 per cent of the capital stock will be held by the Allstate Insurance Company in the United States, which is wholly owned by Sears, Roebuck. The other 25 per cent will be held by Simpsons-Sears in Canada, which in turn is 50 per cent owned by Sears, Roebuck in the United States. The net effect of this is that the new company will be controlled to the extent of 87½ per cent outside the country and 12½ per cent within our country. The bill envisages nine directors, six of whom will be appointed by the group outside the country, although by law the majority will be Canadian citizens.

The first proposition that I would submit to the house is that it is a bad and unwise principle for us to be incorporating life insurance companies operating in Canada that are going to be controlled outside Canada. In saying this, Mr. Speaker, I am not in any way adopting an anti-United States bias. The Americans are our friends and our allies and we have no quarrel with them as individuals. In world affairs they have shown that they are our allies, and they have shown generosity. Therefore anything I say is in no way to be interpreted as an anti-United States bias.

But speaking as a Canadian it is disturbing to me that we are permitting to be set up in this country a life insurance company that will be controlled from outside our borders. This problem is particularly serious in the case of life insurance companies. I say that because life insurance companies are a highly profitable business. There is no gambling in life insurance. The only thing that is not known are the names of the people who are going to die, but the number is known with great precision. Life insurance companies in Canada and in the whole of North America

[Mr. Hanbidge.]