

The Excelsior Life Insurance Company

within its provincial powers, really the narrower of its provincial powers, or the restrictions that might be imposed by the federal statute. But if the federal statute were changed to expand the powers of federal companies, this did not necessarily expand the powers of the Excelsior Life, because they still had to live within whatever powers it drew from the provincial legislation.

Then he goes on to say this:

Now, over the years this has created a certain number of difficulties for the company, and I might just illustrate a recent one.

As an aside, Mr. Speaker, I should underline the fact that Excelsior Life Insurance Company, as I recall it, is incorporated under a statute of Ontario. What this bill is seeking to do is really not to incorporate the company under the statutes of Canada but to continue it as a federal company as if it had been a federal company ever since its inception. This is a unique situation. Up until this time all insurance companies which have applied to this parliament in a similar set of circumstances for incorporation have applied to be incorporated as federal companies. But not so Excelsior Life Insurance Company; it wants the parliament of Canada to say that Excelsior Life Insurance Company shall be deemed always to have been a federal company since its inception.

As I say, the situation is unique; parliament is being asked to say by law something that is not so in fact. I believe that the incorporation should founder on that fact alone, notwithstanding that the highly respected Department of Insurance has indicated its support of that particular proposition.

This is simply an aside, Mr. Speaker, because Mr. Humphrys stated that the fact the company was incorporated in Ontario and could not operate fully under federal law had created certain difficulties over the years. This situation, undoubtedly prompted the company to become a federally incorporated company, and not because of any sense of duty or responsibility to the Canadian economy but because of its own particular sense of its role in society, which is to make a profit.

Mr. Humphrys went on to say this:

In 1965—

Incidentally, this was probably the year that Excelsior Life Insurance Company applied for this continuation as a federal company; the bill was referred to the committee on Thursday, February 2, 1967, and presumably the year before it had applied to the Senate. So not too long a period of time had passed after a certain action was taken, as

[Mr. Howard.]

appears from Mr. Humphry's remarks which I now wish to relate. He said:

In 1965, the federal insurance act was amended to permit companies to invest in mortgage loans up to 75 per cent of the value of the property.

Incidentally, Mr. Speaker, this is apropos the discussion during the question period today and also yesterday as to whether some of these insurance companies would put some of their savings into housing loans in Canada at a reasonable rate of interest so as to assist the housing market, instead of holding back their investments in order to keep the interest rate up.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Not savings, capital.

Mr. Howard: Well, they are really the savings of policyholders. An insurance company gets its wherewithal only by selling insurance policies to the people, many of which policies do not meet the glowing terms used by the company representatives. Nevertheless, it is public money with which the insurance companies are dealing.

If I may proceed with Mr. Humphry's evidence, he went on:

It was formerly two thirds; then it was raised to 75 per cent.

At one time insurance companies could invest in mortgage loans up to 66 $\frac{2}{3}$ of the value of a property. In 1965 the federal act was changed, raising it to 75 per cent. Then Excelsior Life Insurance Company became interested in taking some of the gravy, I suppose, because Mr. Humphrys goes on to say:

So all the federal companies could take advantage of that right away, but the Excelsior Life could not, because the provincial legislation still restricted it to a limited two thirds of the value of the property. The company then had to wait until the provincial legislation was amended to give it the same powers. The company has, for many years, done a nation-wide business; it is one of the major companies and has been under federal supervision, but it has always been under this particular disability as far as granting additional powers and amendments to the federal legislation are concerned.

The implication of that statement, Mr. Speaker, might be that Excelsior Life Insurance Company wants to put the savings of its policyholders into mortgage loans, but I doubt that that is fully the case. If this bill ever gets to committee, I think we will be interested in following up this particular aspect to find out what the public policy of Excelsior Life Insurance Company is with regard to investment in mortgage loans. One of the reasons it has applied for what it calls a