

Private Bills

• (6:30 p.m.)

The house should be cautious about allowing a company to use words such as "Income Life" if they do not describe the type of insurance it intends to sell. If this company proposes to engage in the insurance or protection of income the name is be appropriate. If it is to be a life insurance company I doubt whether that is so; in fact, I think it would be altogether inappropriate. Obviously anyone who takes out a life insurance policy is not protecting his income. The only way to collect is by dying and then, of course, he has no income.

It is foolish to allow names to be used when they do not mean what they say. If this company were to be called the Brunning Life Insurance Company it would make sense because it is Mr. Brunning who is asking for incorporation and it would be his company if he could get enough people to join him in raising the \$1,750 for incorporation, which might not be difficult.

We have been told that there is a similarity between the two bills, but in the case of the second bill \$2,500 has to be raised in connection with incorporation and the appointment of a provisional board of directors. I wish it had been explained to us why a company which indicates it will have a capitalization of at least \$1,736,800 is required to have only \$1,750 before electing directors. I presume some members of parliament could start a finance company. By the time we had paid the parliamentary fees and other expenses we could have an insurance company of some description at a cost of not much more than \$1,000. Then we need only find enough people to subscribe and increase the treasury to the tune of close to \$2 million and we would be in operation. This would probably be very easy to do. Once you had a charter for \$2,000 it would be easy to get assistance by reinsurance in raising the necessary capitalization.

This sort of thing is not in the interests of the Canadian public or of the individual clients. These insurance companies do not necessarily provide the type of insurance one should expect from their names. They are often general insurance companies. This company says it will be happy to carry out reinsurance. The initial company would be able to issue insurance, the second company would be able to reinsure and the money would be used in a third company, exactly the same money in each case.

I do not know whether this is a bona fide company. It sounds to me a little like a
[Mr. Peters.]

fly-by-night finance corporation which has half a dozen businesses in one office, selling one thing and another, and at the bottom you see it is also a collection agency for the bad debts which may be incurred and when the company goes out of business someone else takes it over. I am not suggesting this company is about to go out of business or anything of that nature but I do not think it is serving any purpose.

This is another role which the government itself must consider, the creation of a new company to preserve this sort of wealth. The \$2 million involved here might just as well be added to the capital of one of the existing companies. If it is not to be used for the general good it merely means that this money is drained away from productive use, money which might have been used for national purposes in other fields. We should carefully consider the amount of money which these insurance companies reinvest in the nation. In my opinion they are more interested in second or even third mortgages earning a fantastically high rate of interest than they are in providing life insurance which is only incidental in the accumulation of a large sum to be used perhaps against the same people who put up the money in the first place and made possible the collection of such a large sum.

I believe there is a role for income insurance companies in Canada. Everyone is taking part in a "switcheroo" as the provinces begin to cover sickness and accident by their own insurance policies and those companies which had attached life insurance to such policies are finding that the coverage is no longer desirable or necessary in the eyes of subscribers. Consequently they are changing to new forms of insurance coverage.

For this reason the word "Income" should not be used by this company as part of its title and the sponsor should be prepared to substitute something else. I am opposed to using the word "Income" in this instance because it may be used by other companies; it is a misnomer and will lead to confusion. It amounts to misrepresentation when this type of insurance is not provided.

I suppose it is possible to have income life insurance which would mean that income was protected for life. But this is not what we normally consider life insurance to be. If this is the case, however, the present bill does not meet my requirements because the operation of a project of this kind is not explained. I have read the legislation covering insurance