

Canadian and British Insurance Act

Indeed, in the field of life insurance alone, the Canadians who had some \$16 billion worth of life insurance in 1950 had five times more in 1967 that is \$90 billion.

These figures show that the insurance salesmen who go from door to door so that the economy may operate, really attain their objective.

It is therefore important that the savings and investments be well protected. The government, through the Superintendent of Insurance, is quite justified in seeing that they are.

Bill S-6 includes three main amendments to the Canadian and British Insurance Acts. The first one deals with the constitution of insurance companies and with changes in the charters of those companies. The object of the bill is to provide incorporation through letters patent, a quicker method than the old one which required amendments to the special act adopted by the government. From now on, the Department of Consumer and Corporate Affairs will issue such letters patent. It is also provided that insurance companies under provincial charters will continue to be recognized federally, subject to the approval of the province in which they were incorporated.

The bill also provides for the inclusion in the letters patent of a requirement making it compulsory for a new life insurance company to have a paid-up capital of \$2 million, and of \$1.5 million if it is a fire or comprehensive insurance company.

Among the other provisions that we support are the ones enabling the Minister of Finance (Mr. Benson) to instruct the Superintendent of Insurance to take control of the assets of insurance companies likely to become insolvent or which will have diverted funds.

Many financial undertakings have gone bankrupt these last few years. They have swallowed up millions of dollars saved by Canadians and quite often by low and average income citizens, by those who could not afford to lose their savings in that way, because they were not sufficiently protected. We do not believe that swindling will in future be impossible because of changes made in the act.

However, Canadian savings will be better protected. If previously insurance companies or financial institutions took exception to the fact that the government laid new obligations on them, they now accept, I know, new regulations which restrict their freedom. In fact, the new laws aim at protecting the public.

[Mr. Beaudoin.]

Companies are aware of it. Their enactment leads the same public to have more confidence in the financial institutions.

The third major change deals with the prohibition to make loans or investments whenever conflicts of interest occur. For instance, the important shareholders, that is, those who are in a position to impose their views when the time comes to formulate a loan policy, will not be able to secure loans.

Another major change is the one that enables insurance companies to set up branches that will have the same powers as the parent company and will be able to invade the field of mutual funds.

We are also in favour of the provisions dealing with transfer of blocks of shares exceeding 10 per cent of the total number of shares and those that will compel insurance companies to report such transfers to the Superintendent of Insurance.

We are also in favour of the provisions enabling from now on insurance companies to make loans exceeding 75 per cent of the estate value, provided that anything over 75 per cent be insured by government agencies such as the Central Mortgage and Housing Corporation or by Canadian or foreign financial institutions. The purpose of this legislation is to increase the funds which may be made available to borrowers while protecting the savings made by the customers of insurance companies.

In short, we, from the Ralliement Cr ditiste, are favourable to the principles contained in Bill S-6.

[English]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I was just reminiscing with my colleague about some of the changes that have taken place in Parliament. We now oppose insurance companies and the like being incorporated in the way spelled out in the bill, but only nine or ten years ago we supported the view—I suppose because very little interest was displayed in this House in the subject—that insurance companies should not be incorporated by bills coming before the House but by letters patent and legal procedures outside the House. That was our position for quite a time.

It is interesting to note that at that time Conservatives and Liberals were in favour of bringing such incorporation bills into the House for discussion. Oddly enough, in a few minutes we shall vote against this bill which provides that companies like these shall be