

Private Bills

company bills. The companies seem to be anxious to promote new companies in order that every member on that side will have the opportunity of sponsoring one. If we continue to follow this course we will create a dangerous situation. Most underwriters of insurance have a drawer full of forms, and it does not seem to matter which one they fill out in given circumstances. We will eventually reach a point, because of the lack of drawer space if for no other reason, that we will have to cut down on the number of these forms. If we allow the creation of 30, 40 or 50 new companies each year none of them will make any money and the shareholders will be in serious difficulty.

As the last speaker said, fire insurance is very necessary but the cost of it varies depending upon the type of residence. This cost is also related to the number of agents who are selling the insurance and whether or not it is being sold by a broker because there is no local agency. For these various reasons, I believe we should make a thorough study of these insurance company bills in order that we do not waste our time dealing with simple changes in names to facilitate translation. In this way, we could select those bills which should be considered by parliament. If we continue to deal with all these bills we will not give proper consideration to the important ones.

This bill does not indicate whether there will be any benefit to the shareholders as the result of the change in capitalization from \$1 million to \$2 million. We do not know whether the extra stocks will be placed on the market or just held by the company. It is probably apparent that the company will not reduce the stocks again to \$2.50. It is likely these stocks will be held by the company to allow an amalgamation or a merger of the Century insurance group with the new company in Canada. This will probably make some money available to retire the liabilities of the previous company. I am not aware of the response of the shareholders to the request of the company to split its stocks, but I presume the company has given this some consideration.

I believe that the recapitalization is desired for the expansion of the Canadian operation, but that is ancillary to the original purpose which is the change of name to facilitate translation. The French version of this name is "La Compagnie d'Assurance Century du Canada". Probably the increase in capitalization is not a factor of great importance. If it is of importance why would the company ask

for it in this way? If that is not true, then we should ask for an explanation. We have heard arguments to the effect that a stock split is about as necessary as another hole in the head.

● (6:40 p.m.)

The other day this company declared a special dividend of \$3.70 on a \$50 investment. I think we can do without this kind of stock splitting. It is better that such operations should be exposed rather than covered up. I am not suggesting that this is the case here because I do not know what the results of increased capitalization will be. I believe that if the sponsor of the bill had thought there would be a change in ownership he would have told us so. He did mention it, but had very little to say about it. I will quote from page 5321 of *Hansard* where the hon. member explains the operation:

The increase in capitalization from \$1 million to \$2 million is simply for the purpose of providing funds for further expansion within the group, and it is not proposed that any shares authorized by the increase in capitalization will be sold to the public. The change of name and the increase in capitalization really arise from internal reorganization.

As you see, Mr. Chairman, there was no reason whatever for this bill to come before parliament because the owners of this company will continue to be The Century Insurance Company.

Capitalization will probably not be increased and, as a result, there will be no decrease in the value of the stock; but this is an internal matter. If this company had not felt they could come before parliament and get anything they wished without any questions put, they probably would have found no hardship in continuing to operate under their original name and in the original location. I suggest this is what would have happened.

Mr. Chairman, this problem first arose in the last two months and was given a great deal of impetus when a company such as the Pacific Coast Fire Insurance Company, which had operated in Quebec for many years, found it advantageous to change its name. I suggest they should be satisfied with the name they now have. I would also think that the change of name to The Century Insurance Company would raise a number of problems which would not be raised if the change consisted only in a translation of the name from English to French. I also suggest that the change in capitalization is not in the interests of Canada or for the benefit of anyone buying insurance