

## THE SENATE

### THE STANDING COMMITTEE ON BANKING AND COMMERCE

#### EVIDENCE

Ottawa, Wednesday, June 7, 1967.

The Standing Committee on Banking and Commerce, to which was referred Bill S-8, respecting The Excelsior Life Insurance Company, met this day at 9.30 a.m. to give consideration to the bill.

**Senator Salter A. Hayden** in the Chair.

**The Chairman:** Honourable senators, we have before us for consideration this morning two bills. We will proceed first with Bill S-8, respecting The Excelsior Life Insurance Company. As this bill is originating in the Senate, I think the proceedings on it should be reported. May I have the usual motion for the reporting and printing of the proceedings?

The Committee agreed that a verbatim report be made of the committee's proceedings on the bill.

The committee agreed to report recommending authority be granted for the printing of 800 copies in English and 300 copies in French of the committee's proceedings on the bill.

**The Chairman:** Honourable senators, we have as witnesses Mr. M. K. Kenny, President of The Excelsior Life Insurance Company, and Mr. Fraser M. Fell, Q.C., Counsel. We also have Mr. R. R. Humphrys, Superintendent of Insurance. Our usual practice is to hear Mr. Humphrys first. Unless there are any objections to that, I shall call him.

**Hon. Senators:** Agreed.

**Mr. R. R. Humphrys, Superintendent of Insurance:** Mr. Chairman and honourable senators, this bill is identical with the bill which was before this committee in the last session.

The purpose is to convert The Excelsior Life Insurance Company from the status of a company with provincial incorporation to the status of a company with federal incorporation. As such, the purpose of the bill is exactly

the same as that of many bills which have been before this committee in recent years to change provincial companies to federal companies.

The main difference here is that the bill proposes a somewhat different procedure from that which has been traditional. Honourable senators will recall that the usual practice in cases such as this is to incorporate a new company by special act and empower that company to take over the assets and the liabilities of the provincial company by agreement. That system works very well in small companies and we have used it very often. This case, however, is somewhat different, since Excelsior is a well-established company with a large volume of business in force and a large volume of assets. The traditional method that we have used, involving a transfer from one corporate entity to another, would require a transfer of assets with the expense and difficulty of re-registering mortgages and securities and also involving the problem of transferring the contractual liabilities of the many thousands of policies outstanding, from one corporate entity to another.

Therefore, this bill proposes a different procedure, one whereby Parliament would declare that the company is continued as a corporation in the same sense as if it had been a corporation incorporated by special Act of Parliament; it would be clothed with all the powers of a federal company and subject to all the restrictions and obligations.

This proposal, as we explained last year, is accompanied by a special act in the Legislature of Ontario, authorizing the company to petition Parliament for the enactment of this legislation. The Ontario act states that if Parliament passes this bill, the company will cease to be subject to the Ontario Corporations Act and will in all respects be in the same position, having the same powers, and so on, and the same liabilities, as a federally incorporated company.