

That, in the opinion of this House, the government should consider the advisability of co-operating with the provinces in establishing a system whereby those individuals who deposit money in financial institutions not covered by deposit insurance be required to sign a waiver form indicating that they are fully aware that their deposits are not insured in the event that the institution goes bankrupt.

He said: Madam Speaker, this particular motion was motivated by recent events which occurred over the last few years. We all remember that between the years 1923, which was when the Home Bank failed, and the early 1980s, we Canadians have felt generally secure about the stability of our financial institutions, particularly our banking institutions. However, the recession of 1982 to 1984 created havoc in the financial industry. Canadians are now too familiar with the spectre of failed banks and other failed financial institutions.

Over the years our banks have become cathedrals of capitalism, symbols of stability in our society. Anyone who has entered the large head office of a bank knows that rather intimidating feeling one gets when one walks into those hallowed halls. Unfortunately, that has changed somewhat in the last number of years.

We recall the collapse of the Canadian Commercial Bank followed by the collapse of the Northland Bank. Then, Pioneer Trust of Western Canada collapsed. The British Columbia Teachers' Investment & Housing Co-op collapsed. The Bank of British Columbia got into financial difficulties and was required to be bailed out. The Morguard Bank narrowly avoided collapse and was purchased by Security Pacific Bank. Mercantile Bank collapsed and was quickly merged into the National Bank. Continental Bank was carried off by Lloyds Bank. Recently, the very terrible situation surrounding the Principal Group and its related companies and their collapse motivated me to submit Motion No. 143 in an effort to protect depositors.

It particularly hit home in western Canada where the brunt of the Principal Group collapse was felt most heavily. I suspect that I can speak for many Members of Parliament in this respect. I have before me a long list of individuals from my constituency who lost considerable amounts of money. In many cases they lost their entire life savings, or a major portion of their life savings. For example, a retired custodian lost \$57,000. A retired executive lost \$113,000, while a millwright lost \$50,000. A retired miner lost \$41,000; a retired logger, \$49,000; a retired pipefitter, \$38,000; a realtor, \$40,000; a retired farmer, \$32,000; a miner, \$34,000; a carpenter, \$40,000; a rancher, \$42,000; a mechanic, \$21,000; a bus driver, \$56,000; a retired member of the Armed Forces, \$24,000; and a logger, \$90,000. I could go on I suppose for an hour or two reading the names of those from my constituency who lost a portion if not all of their life savings. They had been saving this money to provide for their retirement years.

Obviously, something needed to be done. One of the problems that we must face as parliamentarians is the challenge of ensuring that the integrity of our financial system remains in place. In recent years we have all recognized and

have seen a shift to deregulation in an effort to encourage competition in the financial industries. With this has come a blurring of the traditional separation of functions of various types of financial institutions.

For example, investment dealers now offer chequing services. Banks now sell securities, and so on and so forth. This new deregulation has unfortunately permitted either naive and/or unscrupulous financial advisers to mislead Canadians about the degree of protection that their deposits and investments may have. During the deliberations of the Principal Group collapse and the inquiry into it we saw a whole host of examples in which individuals were misled, and perhaps not always intentionally. Even the people selling or arranging the deposits had received incorrect information, were poorly informed or uninformed about certain developments within the companies they were representing. Setting aside the reasons, thousands and thousands of people lost considerable sums of money as a result of these problems.

These people assumed that their deposits were protected. In some cases they were told that their deposits were protected under CDIC and, of course, they were not. As a result innocent depositors have been severely hurt.

Perhaps I should remind Hon. Members that our deposit-taking institutions in Canada include banks, trusts and loan companies as well as credit unions. Deposit insurance is available to all of these. However, we must recognize that all the deposits with these different financial institutions are covered. There are other financial institutions that take in investments but are not covered by any insurance whatsoever.

I am very happy to be able to say that the Canada Deposit Insurance Corporation is in fact the principal provider of deposit insurance in Canada. It insures deposits in banks, federally-chartered trust and loan companies and provincially-chartered trust and loan companies other than those in the Province of Quebec. In these institutions the deposits are insured up to \$60,000. But that is it. In the United States, under a very similar situation, depositors are guaranteed up to \$100,000. Nevertheless, a single deposit by a man or woman in one of these institutions is insured by CDIC up to \$60,000.

What this means is that all banks and certainly most trust and loan companies are CDIC insured. In Quebec the insurer is the *Régie de l'assurance-dépôts du Québec*. However, I think it needs to be said that most deposits are insured in these institutions, but not all. There are a number of deposits that are not insured even in the ones covered by CDIC. For example, foreign currency accounts, the contents of safety deposit boxes, investment products with terms of more than five years, stocks, bonds, mutual funds and deposits in excess of \$60,000 are not insured. I think it is important to recognize that because in some cases, there is the impression that anything deposited in a bank, as long as it does not amount to over \$60,000, is in fact insured. As I say, such is not the case.