

*Department of Insurance Act*

This remark was made in respect of a rather innocuous part of the bill, but it does make us wonder how quickly an attitude can change, depending upon the position one is in.

In support of my view that this bill is somewhat watered down and has only a moderate effect, I point to the reaction it received in the United States. Judging from the small amount of editorial comment we have noted, the bill itself is not very effective. I should like to quote from the *Toronto Daily Star* of September 23, 1964, and particularly a report from Washington by Martin Goodman, *Star* staff writer, as follows:

U.S. officials accepted almost casually today Canada's latest effort at economic self-determination.

"We had anticipated most of this," one official said of finance minister Walter Gordon's new rules limiting foreign ownership of insurance, trust and loan companies to 25 per cent, and expanding the investment power of insurance companies in common stocks.

"Naturally we oppose any discrimination against foreign investors," he continued, "but in practice, I don't think this will have much effect on U.S. interests."

With these general remarks I pass on to two or three particular matters on which I should like to comment. As has been stated, the bill really is in two sections. The purpose of the first is to reduce the possibility of further invasion by foreign interests of our life insurance companies, foreign insurance companies carrying on business in Canada, trust companies and loan companies, resulting in the taking over of such companies by outside interests. I think this is quite a desirable objective. The main objection that has been raised is that administratively this will be very difficult to control and time only will tell whether it is effective.

The life companies and other companies are given the power to require declarations and other evidence, but it seems to me it will be almost impossible for these companies to find out in many instances who are the real shareholders. Quite recently in the committee on banking and commerce we were discussing amendments to the Corporations and Labour Unions Returns Act which is administered by the dominion bureau of statistics under the Minister of Trade and Commerce (Mr. Sharp). At that time it was stated with reference to similar situations that it was almost impossible to do this and that most of the companies would not make the effort to discover who the real owners of the stock were, to ascertain whether the company was foreign or Canadian controlled. In that regard

the obligations of the company under this bill are quite limited.

The right to have an English or French name is commendable, although I think there may be some technical difficulties. Perhaps the wording is not strong enough because it does not make a change in the name of the company but only permits the company to use another name. As far as I am concerned as a member of the banking and commerce committee and the private bills committee, some relief from having so many bills come before us involving nothing more than a change of name will be welcome. I think it will result in many members being able to get on with other work because the only argument that ever arose in those committees was as to the semantics of how the French or English language should be used in translating the original name of the company. I should think that someone outside of parliament who is versed in the language could do just as good a job.

The last subject I want to mention relates to the investment powers of life insurance companies, trust and loan companies under the bill, and there are two aspects involved. The first is real estate. As I stated at the beginning, I believe that 75 per cent of the appraised value of real estate is too high a figure for the mortgage investment of funds belonging to other people, notwithstanding the recommendation of the royal commission on banking and finance.

Not very many years ago companies would not accept anything more than 40 per cent of the appraised value as a trust loan, and in some cases some companies will not do so yet. Fifty per cent is marginal. The percentage was previously raised to 60 per cent and then 66 per cent, which I thought was stretching it quite a bit. I think that raising it now to 75 per cent takes the security of a first mortgage beyond what is prudent and into the realm of a risk investment.

The royal commission itself was not too enthusiastic in this regard. They did come up with a figure of 75 per cent, but on page 287 of their report they mention that there are two kinds of companies lending mortgage money, one comprising the *caisses populaires*, credit unions and finance companies. In regard to these they had this to say by way of horrible example:

Some of these, as we have mentioned, are now making first mortgages up to 80 per cent or more of property values for fairly extended terms.

They thought this was pretty high. On the next page they went on to state: