

Private Bills

speedy passage if this company will agree to a clause other companies have agreed to. That clause would provide for Canadian investment in the company and, over a period of time, Canadian control.

The question has been asked on a number of occasions why it is necessary to have so many of these companies doing business in exactly the same categories in Canada. I have before me the report of the Superintendent of Insurance for Canada, volume 2, which relates to the annual statements of fire and casualty insurance companies in Canada—Canadian, British and foreign owned. There are probably 1,100 companies in the casualty field doing almost the same type of business, and I cannot see any advantage in increasing this number.

The Union Mutual Life Insurance Company of the United States has been doing business in Canada for some time. They decided that rather than have a branch operation they would start a new company in Canada under the auspices of the federal Superintendent of Insurance. They provided an opportunity for Canadians to purchase that company. They not only investigated the possibility of Canadians being able to own the company, but they wrote into the act of what is now known as the Transcoastal Insurance Company the provisions that within five years they would undertake to sell 25 per cent of their stock in Canada and at the end of ten years to sell 49 per cent of their stock. The aspirations of Canadian nationalism would be sufficient reason for Canadians to purchase stock in this company, increase the value and do business with the company. Privately the company indicated that they expected that in five years the value of the company would have increased to a level where they would be able to sell a half interest. They felt they would retain a very favourable business by being a shareholder along with Canadian shareholders. They were willing to bow to Canadian nationalism to that extent in order to have their company develop.

This is not new Mr. Chairman. Many countries are giving consideration to development of their own corporations and industries and have passed laws to make this mandatory. Japan in particular has been very interested in this field. I quote from a Canada-Japan Trade Council newsletter:

Figures compiled by the Organization for Economic Co-operation and Development show the

inflow of direct foreign investment for six member states:

Canada	(1962)	\$14.5 billion
United States	(1964)	\$ 8.4 billion
United Kingdom	(1962)	\$ 4.2 billion
France	(1964)	\$ 4.0 billion
Germany	(1964)	\$ 2.8 billion
Japan	(1965)	\$ 0.7 billion

Japan is interested in developing its own industry. Foreign capital can be invested only to a limited degree because they wish to own the businesses within that country. Japan is now doing business in Canada where we do not have such a limitation.

The Union Mutual Life Insurance Company, a very large company in the United States, was organized in 1848 and commenced business in Canada in 1868. They were asked the question, "Why should another new insurance company be chartered?" They replied:

To enable an existing insurance company, domiciled in the United States but doing business in Canada, to cease doing business in Canada; to return to or leave in Canada the servicing of the existing Canadian business of the United States insurer; to cause Canadian insurance business to be done by Canadians.

Servicing does not refer to the basic contractual relationship between an existing policyholder and the existing insurer. This contractual relationship will continue. However, since the U.S. insurer will be withdrawing from solicitation of new business in Canada, and hence would be forced to close its current offices, the answering of questions, payment of claims, changing of beneficiaries, and other services will be rendered by the personnel of the new company, in the offices of the new company. However, in most instances these personnel and offices will have been assumed by the new company from the old. Hence, existing policyholders will suffer no inconvenience and no change in contractual rights. On the other hand, the new company will have an immediate source of personnel, offices and service revenue with which to operate.

● (5:10 p.m.)

I suppose that in the insurance field in the United States Union Mutual is larger than Avco Delta. I believe it does more business in the United States than Avco Delta. It is a large and fairly progressive company. I was interested to learn it is large enough to have offered the American government to operate an American medicare plan covering all the states in the union on a fee for service basis.

If it can make this kind of concession to Canadians, why should the company we are now considering continue to come before us and ask for this type of consideration? The directors of the other company have indicated they were very surprised at the reaction to the agreement to make this kind of concession to Canadians. Although the Senate passed the