One of the major items contained in the three bills is the natural person powers. In other words, banks, insurance and trust companies will be able to do anything in their line of business that is not clearly prohibited by legislation.

That certainly is a switch from what we have under the present legislation. What this means is that they will be able to do anything in their line of business unless it is stipulated in legislation that they cannot do it.

For example, in the trust and loan legislation, there are 11 business powers that trust companies will not be able to have. One of those is the ability to retail all types of insurance.

Another important element in the new legislation is to protect in a better way the soundness of financial institutions in Canada. For example, these institutions will be required to have one-third of their directors who are unaffiliated with the company.

The question is what is affiliated and what is not affiliated. As far as the legislation is concerned, the act says that a director is affiliated if he or she is an officer, an employee or a major customer of the institution.

What that really means is that one-third of the directors of financial institutions from now on cannot be an officer, an employee or a major customer.

• (1520)

Also, to continue talking about making institutions safer and more sound, it will be necessary to have procedures dealing with conflict of interests. Two more committees will have to be established: an audit committee and a conduct review committee.

It will be the job of the audit committee to deal with any problems the Auditor General points out in his report. The conduct review committee will review possible self-dealing situations.

That is a situation in which a director of a company may use his influence on the institution in a way that would benefit him personally.

All these measures which I have mentioned will make financial institutions more sound and safer for the Canadian public.

There is another new aspect to this legislation. There is a whole new ownership regime. Under this legislation banks, insurance and trust companies will be able to own one another. As well, they will all be able to own corporations within the financial services family.

This legislation will also give trust companies and insurance companies full commercial and consumer lending powers. Trust companies will no longer be restricted as they were under under the old legislation, under which they could only put 7 per cent of their lending into consumer and commercial loans. As well, insurance companies will be able to lend money not only to policy holders but to the general public.

Those are some of the changes that will come about under this new legislation. There are some aspects of the old legislation that will not be changed. One is that banks and trust companies will not be able to sell all types of insurance.

There are many important elements in this legislation. As I said, some of it is new and some of it is simply carried over from the old legislation.

The most controversial issue which the committee had to deal with was the retailing of insurance by banks and trust companies. I do not think that any other issue produced more studies, more phone calls, more meetings or more debate in the committee room. We in the Liberal Party heard arguments from various groups and individuals on both sides of the issue. We heard arguments that banks should be able to sell insurance because it would be cheaper and more convenient for the customer. We were told there would be no risk of tied selling. That happens when a bank tries to pressure a customer into buying insurance from that bank by threatening to deny him the mortgage.

We were told that around the world, and even in parts of Canada, deposit taking institutions sell insurance with no consumer problems and at very competitive prices.

On the other side of the coin, we also heard many arguments that banks should not be able to sell insurance. First, we were told there is no evidence that banks could sell life insurance any cheaper than the insurance companies are doing now. I mean over the long term. It is argued that maybe in the short term banks may undercut the prices of insurance companies to gain market share. That would mean that the consumer could benefit in the short run.