

Mr. CAYLEY: But they have no choice, when it comes to doing business in the provinces; they have to register there?

Mr. RHODES: Quite so.

Mr. ILSLEY: Will the Minister of Finance please explain why there are three bills instead of one? Is it not a fact that by the legislation now being passed the present act is divided into three parts? I think the committee should know something about the reason for the steps that are being taken. Perhaps it has been explained, but I was not in at the time.

Mr. BENNETT: Mr. Chairman, as my hon. friend the Minister of Finance succeeded to this department after these matters had been under consideration, I will with his permission explain to the hon. gentleman just what the situation is. As he knows, the privy council's first decision was that the business of insurance was within the exclusive jurisdiction of the provincial authorities and could not be supported alone as being a branch of trade and commerce. Subsequent decisions of the privy council with respect to the powers of provincially and federally incorporated companies outside of the business of insurance altogether induced some companies to believe that possibly the federal powers were more extensive than the first decision indicated. The final decision, upon the matter was given last October, Lord Dunedin speaking for the judicial committee. The effect of that decision interpreted into terms of legislation would be, first, that this parliament has exclusive jurisdiction over insurance companies incorporated by parliament. I think that is fairly obvious to all of us. That is, any company owing its origin to a statute of this parliament is under the exclusive legislative jurisdiction of this parliament, if parliament so desires to impose conditions—as we have—on the exercise of those powers. Secondly, that provincial companies incorporated by the legislature of a province and authorized to carry on the business of insurance, may do so within the province without regard at all to the federal authority either for licensing, or registration, or for any other purpose.

Mr. ILSLEY: And outside of the province, too, I suppose?

Mr. BENNETT: Quite so; because under the decision in the Bonanza Creek case it is perfectly clear that provincially incorporated companies, may, as the hon. gentleman has just observed, transact business in other provinces as well. Therefore, a provincially incorporated company may transact its busi-

ness in other provinces without the act of this parliament or this insurance department. Thirdly, you have British companies. They are not foreign, inasmuch as they are not aliens within the definition of "aliens" as defined by the privy council commencing with the Cain case, in which the hon. gentleman will recall the Supreme Court of Canada decided in the same sense as the judicial committee did, that we have power to deal with aliens in the form in which we have enacted legislation by this parliament; in other words, the legislation was *intra vires*. Then there are foreign companies, over which we have complete jurisdiction on two grounds, one, that they are aliens and come directly within the language used by Lord Dunedin as just quoted by the Minister of Finance. The other ground on which we deal with them—is merely subsidiary of that principle—is that they have no status in this country except such as may be acquired by registration, and inasmuch as the dominion has the power, they then receive from the dominion department a licence—if you care to use that word; I do not think perhaps it is the most desirable to use in view of the language of the courts—or authority to transact their business.

When the legislation came under review the difficulties were shortly put thus: that inasmuch as the act covers all these enterprises, both the domestic company incorporated by this parliament and the domestic company incorporated by a province, the British company and the foreign company, as well as the operations of the machinery of the Department of Insurance, it was believed by all parties—shall I say?—those who represented the companies and the law officers of the crown—that the interests of all would be best served by making a clear line of demarcation between (a) the department and its powers, (b) companies domestic in their character or British and (c) companies that are foreign. The new legislation will not be complicated by all these matters being in one bill. The first bill, for instance, that is now under consideration deals with the insurance department. The jurisdiction of that department obviously must be lessened by reason of the last decision of the privy council, inasmuch as the conduct of business, as such, does not lie within the competence of this parliament to control. But the necessity for the department arises because we have incorporated insurance companies, we have defined their powers, we have indicated the interest rate on which their reserves shall be calculated, and we have indicated the character of their investing powers. It therefore follows that