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LIFE INSURANCE IN CANADA

Speaking to the Canadian Life Insurance Officers' Association at the Seignior Club, Montebello, Quebec, on May 25, Mr. Donald M. Fleming, the Minister of Finance, observed that the previous two years, which had been "a very eventful period in world history and in Canadian affairs", had also "witnessed further growth in the strength and vitality of the life insurance business in Canada." "The companies you represent," the Minister told the assembled insurance-men, "constitute one of the most important sectors of the entire Canadian economy.... The business of life insurance is almost unique. It is closely identified with the national welfare; in particular, it is identified with the welfare of the great body of policy-holders who comprise more than half our population and are drawn from all classes of society."

Mr. Fleming went on to say that "the highest claim that Canadian life insurance companies may make is their world reputation for reliability in fulfilling all contract obligations." Adopting this statement as the keynote of his address, he continued in the following words:

"...The proud record of Canadian life insurance companies in meeting their contractual obligations has enhanced the reputation of Canada wherever these companies have operated. Indeed, their record seems to have made them so attractive that, as is well known, efforts have been made in recent years by certain non-Canadian insurance companies and other financial interests outside Canada to acquire control of some of them through stock ownership. I

think most Canadians would like to see control of old-established Canadian life insurance companies remain in Canada. At the present time, there are 98 Canadian, British, Dutch, German, Swiss and U.S. companies registered by the Federal Government to transact life insurance in Canada. All of these companies are welcome and compete freely in the field. Out of this total, Canadian companies number 36 and have 68 per cent of the total life insurance in force in Canada in all registered companies. Eleven of the 36 Canadian companies are now controlled outside Canada, but collectively they represent only 5 per cent of the total business in force in Canada, leaving 63 per cent of the total in companies controlled in Canada.

"It will be recalled that activity in the shares of Canadian life insurance companies was very great about five years ago and that control of several of the largest Canadian life companies appeared likely to pass to external hands. To prevent this loss of Canadian control, I introduced, at the fall session of Parliament in 1957, important amendments to our insurance legislation. By one amendment power was reserved to the boards of directors of life insurance companies to restrict the transfer of stock from Canadian to non-Canadian hands. The law was also strengthened to require that a majority of all classes of directors shall be Canadian citizens ordinarily resident in Canada. Provision was also made permitting mutualization of joint-stock life insurance companies. It is gratifying to note that, since then, control of only two Canadian companies has been acquired

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