

Government Orders

Motion No. 11.

That Bill C-28 be amended in Clause 628

(a) by striking out line 9 at page 338 and substituting the following therefor:

“628. (1) On the request of the actuary of a”;

(b) by adding immediately after line 21 at page 338 the following:

“(2) A person who in good faith makes an oral or written communication under subsection (1) shall not be liable in any civil action arising therefrom.”

Motion No. 12.

That Bill C-28 be amended in Clause 642 B (a) by striking out line 39 at page 343 and substituting the following therefor:

“642. (1) On the request of the auditor of a”;

(b) by adding immediately after line 9 at page 344 the following:

“(2) A person who in good faith makes an oral or written communication under subsection (1) shall not be liable in any civil action arising therefrom.”

She said: Mr. Speaker, this motion has to do with the flow of information to auditors and actuaries. I am pleased to move this motion today because I feel it is very important that there is a free flow of information to the auditors so that they can conduct a thorough audit.

This amendment actually prevents a lawsuit against anyone who gives information to the auditor or to the actuary of financial institutions. We feel that this protection is required. We feel it is important because questionable accounting practices have been blamed in part for the failures that we had in the western banks in 1985 and then of course last year too with the Ontario based Standard Trust. The Superintendent of Financial Institutions told the committee last November that improved accounting practices might have made a difference in Standard Trust.

To take an example, if an employee of an insurance company has information that he knows the auditor needs in order to perform a proper audit or a thorough audit in which the company would rather not disclose or will not disclose, that person might be reluctant to go forward and give that information. However, if he knows there is no way he can be sued by the company then I am sure that he is more liable to go forward and give the information to the auditor which could very well result in better financial statements and seeing problems that

may be small problems now but could develop into major ones.

Certainly we have heard no evidence to suggest problems in the way actuaries calculate the risks in returns in insurance company policies. However we feel that establishing the same sort of protection would increase the flow of information even further. We are not only proposing this amendment for auditors but also for actuaries as well.

I would urge the House to support this amendment for insurance companies and remind all members of the House that we agreed in the last two days to accept this amendment for banks and insurance companies.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, the government would be very prepared to support the amendments if they could be amended in accordance with amendments that I circulated to the opposition.

The amendments are all the same for each of the motions amended. The amendment would read:

“(3) a person who in good faith makes an oral or written communication under subsections (1) or (2) shall not be liable in any civil action arising from having made the communication.

In other words, it ties down the relief against the communication and only the communication. I suspect my friend from Malpeque would be delighted to accept these alterations. If that is the case, and with the unanimous consent of the House, may I make those now.

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, in light of the fact that when this was first proposed as a motion by the Liberals on Bill C-4, we argued for it because we thought it was a good idea, it was a good amendment, and we supported it. In fact I would hazard a guess that it was the vigorous debate and insistence of the group of this side of the floor which persuaded the government that it ought to accept this amendment.

We have no problems with extending it to the Insurance Companies Act.

The Acting Speaker (Mr. DeBlois): The House has heard the terms of the amendment tabled by the hon. member for Mississauga South. Is there unanimous consent for the hon. member to table the motion?

Some hon. members: Agreed.