

Insurance Bills

Mr. GUTHRIE: This is the clause.

Mr. EULER: I was going to base my question on that statement. Are the foreign mutual companies placed in exactly the same category as the Canadian mutual companies with regard to the amount of deposits they have to make?

Mr. RHODES: If my hon. friend will look at subsection (2) of section 8, he will get the answer to his question.

Mr. EULER: They are on the same basis, are they?

Mr. RHODES: No. It reads:
—shall not be required to make the deposit required to be made under the provisions of the next preceding section in respect of a certificate of registry—

And so on.

Mr. EULER: The Canadian mutual companies, I take it, have to make a deposit. Do the foreign mutual companies have to make a similar deposit, or what distinction is there, if any?

Mr. RHODES: The Canadian mutual company has to make an initial deposit of \$50,000 with the superintendent of insurance. The foreign mutual is not required to make that deposit unless it chooses voluntarily to do so. With that exception the securities that have to be deposited are precisely the same in both cases and cover the amount of business they write.

Mr. EULER: That leads to another question. Why has the Canadian company to make a deposit of \$50,000 while the foreign company is excused?

Mr. RHODES: I cannot give any better answer to my hon. friend than to say—

Mr. EULER: It has always been done.

Mr. RHODES: It has been done, and apparently is part of that give-and-take arrangement which resulted in all parties agreeing to this bill.

Mr. EULER: It looks like discrimination.

Mr. RHODES: Yes; I quite agree with my hon. friend.

Mr. CAYLEY: I might just read this explanation that I find:

To have made a deposit with the dominion authorities would have been unfair to our other members located in the States because it would constitute a segregation of a part of our assets for a particular group of our policyholders, creating an obviously unmuted situation.

[Mr. Euler.]

Mr. RHODES: That is their position, but I do not know whether it could not be attacked.

Mr. CAYLEY: It does not sound healthy. Coming back to section 14, I see there have to be certain words stamped on the policy in red ink. What is the object of that?

Mr. RHODES: That is designed for the full information of the policyholder, who shall know, when he gets his policy, by reading the lines in red ink—

Mr. CAYLEY: He knows his danger.

Mr. RHODES: The words are printed in red ink across the face of the policy. That indicates to him that although this mutual company has deposited securities, they are not earmarked exclusively for the Canadian business, but are to be pooled for the common advantage of the company as a whole.

Mr. CAYLEY: That is, he is accepting this policy at some risk?

Mr. RHODES: Yes. He certainly is not in as good a position as the man who insures in a Canadian company where the assets are earmarked in Canada for his protection.

Mr. CAYLEY: What is the difference between a company and an exchange?

Mr. RHODES: If my hon. friend will look at the interpretation clause on page three of the bill, he will see that exchange is defined as follows in paragraph (i):

"Exchange" means a group of persons formed in any foreign country for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other through the same attorney, where the principal office of the exchange is in a foreign country.

Mr. COOTE: I should like to ask the minister whether there is some provision elsewhere in the bill as to the class of securities which, under section 12, companies must maintain in Canada.

Mr. RHODES: My hon. friend will find the answer to his question in section 20, subsection 2, as follows:

The assets which may be so vested in trust for the purposes of this act shall be bonds, debentures, stocks and secured loans of the classes authorized in that behalf in schedule I to this act, having regard to the class or classes of insurance business in respect of which the assets are so vested in trust.

Then at page 29, under schedule 1, my hon. friend will find the assets which may be vested in trust for the purposes of this act, including: