

Section 5 is new. This is added to facilitate the transfer of the shares of stock of Canadian insurance companies. That is a provision similar to one in the Bank Act and also in the Companies Act for some years.

Section 7 is another new clause. It provides for the reduction of the fully paid shares of any Canadian insurance company wishing to do so below the \$100 par value. At the present time, as you know, the par value of the shares of stock of Canadian banks is \$10.

Now then, we have eleven pages of the bill making up section 9, which involves a recasting of the investment section of the Act—section 60. This section relates to the investment powers. In some cases they are enlarged and in other respects the investment powers have been restricted. Briefly, the changes are as follows: At present, investments may be made by Canadian insurance companies in the securities of any government; it is proposed to limit the investment in foreign government securities, other than those of the United States, to the governments of countries in which the companies are actually doing business. The securities of public bodies operating ports, harbours and other services in the British Commonwealth are now eligible under the present Act. It is proposed to change this power to “such securities in any country in which the company is operating.”

Equipment trust certificates of Canadian railways are now eligible. It is suggested that this be extended to include United States railway certificates.

For unsecured debentures, the basis of qualification is a dividend test. It is suggested that an alternative qualification be on the basis of the earnings over a five-year period of the corporation.

In the case of no par value common stocks, the present basis is a requirement of \$4 per share per annum for seven years. That has been found most unsatisfactory because of splits in no par value shares. In the bill it is proposed to make the qualification of such shares on the basis of dividends of 4 per cent on the capital account and thus put the no par value shares on the same basis as the shares of par value.

Another subsection will permit investment in real estate for production of income. This class of investment was first permitted under the so-called “basket clause”, in the 1948 amendments; this bill will provide that the total investment in securities of that nature will be limited under the two subsections to 5 per cent. Those, gentlemen, are the principal changes in the investment section.

As regards the valuation of securities, the Canadian companies at present take the securities into their statements at not more than the market values. It is now proposed that Canadian life insurance companies may take Dominion of Canada, Canadian Provincial, United States and United Kingdom government securities in at the amortized values, but for all other securities market values are still to be used and for non-life companies market values throughout.

The present Act now provides machinery for the amalgamation and merging of life companies, but there is no corresponding provision for fire and casualty companies. It is thought that this should be permitted for non-life companies and a section to cover that is provided.

In the case of fraternal societies, it is proposed to grant power generally to all such societies to transact the business of personal, accident and sickness insurance, which is a power that some recently incorporated societies have received. It is also thought advisable to remove the \$10,000 limit on the amount of insurance which may be issued to a member and place the responsibility as to the amount which a society may issue on its actuary.

Mr. MACNAUGHTON: Could you refer to the sections as you go along?

The CHAIRMAN: Mr. MacGregor will do that when we are dealing with the sections. I thought the committee would be interested in just a general bird's eye view of the amendments and they will all be gone into later in detail.