amendments. I would like to take the opportunity to offer to produce and table the technical amendments that we have prepared now if I had the agreement of Members opposite to treat them as if they had been actually moved.

Mr. Blenkarn: No.

Mr. Cosgrove: Then Members could have them. If we did that we could avoid the process of my making amendments available under each Section heading of the Act. I hear the Hon. Member for Mississauga South saying no. It requires unanimous consent of the Members. Therefore, I am precluded from doing that.

Mr. McKenzie: Mr. Chairman, I have a couple of questions for the Minister. There might be some repetition here, but because of the interest in the changes which the Minister is proposing, I want to make sure that I have everything perfectly clear for the people whom I represent. My question is with regard to annuity benefits.

Any annuity benefits prior to the last budget date should be exempted from taxation. Has the Government considered the financial position of a person who does not have a great deal of money and who is getting close to retirement? Let us say this person had accumulated $4,000 or $5,000 in a policy which he or she had taken out several years ago under the previous taxation laws, and consider that the same person was given proper advice according to those taxation rules, borrowed money from his life insurance policy and moved this money into a deferred annuity. The reason for doing so was to accumulate a better income supplement for his or her old age. This income would enable this person to be less of a burden on society and better able to care for himself in his senior years. Then the November, 1981 budget comes in and the same person must pay tax on the borrowed money. The person would have been better off leaving the money in the life insurance policy. Why is the Government discouraging personal investment?

Mr. Cosgrove: Mr. Chairman, the Hon. Member's understanding is correct. The example as I understand it, was the case of a couple who had utilized, first, a life insurance policy which had been taken out a number of years ago and, second, from that cash surrender value, loans were utilized to purchase an annuity to assist with retirement expenses. Presumably that was done prior to December 2, 1982, which was the date of amendments to the proposals which were first introduced in the November budget. For that reason, that situation, that policy and the income arising, the treatment of both the life insurance policy and the annuity would not be affected by the present legislation.

Mr. McKenzie: I thank the Minister for his answer, Mr. Chairman. Perhaps he can clear up something else for me. For insurance contracts issued after the June, 1982 budget owned by a corporation, the net proceeds will not be paid out tax free through the capital dividend account. Can the Minister tell me why not?

Mr. Cosgrove: Mr. Chairman, the dividends can be paid out without attracting tax. I would qualify that by saying that under certain circumstances the dividends to a certain extent would attract tax. That was a very difficult area for the Department officials and representatives of the industry, the Life Insurance Underwriters Association, and it was only after extensive consultations that the Life Underwriters agreed to those cases in which the payment would be paid out and tax would be fixed only under certain conditions.

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I have been given the particulars. However, I do not know whether reading a whole page of those cases where they are exempted would be useful. I could make this letter available to the Hon. Member. Suffice it to say that what I have in my hand is a letter dated February 2, 1983, addressed to me. It is signed by the Chairman and Chief Executive Officer of Life Underwriters' Association of Canada. In reference to the amendment which is here, he says, "The presentation of this amendment resolves to our satisfaction the concerns of the Life Underwriters' Association of Canada relating to corporate-owned life insurance and the capital dividend account issue." That is a recent development, dated February 2, but it has been settled to their satisfaction.

Mr. McKenzie: Mr. Chairman, I would appreciate it if the Minister could provide me with a copy of that letter. Perhaps some of his technical amendments might make it more clear for us.

I have one final question. Tax shelter growth provisions, such as life insurance products, are useful to people using them to support their incomes. An example is taking out an annuity or using insurance products to meet commitments during a time of financial hardship by borrowing against their policy in order to help pay for a son's education or wedding or some other major expense. In such an instance, these individuals would be keeping their insurance policy in force at the same time. Why should these people who are trying to save more money for their future be penalized by having to pay tax on either the borrowed funds or the annuity?

Mr. Cosgrove: Mr. Chairman, I am pleased to be able to repeat what I said this morning, that the old rules for policy loans continue. In effect, there is nothing in the legislation before the House that treats the policy loans differently. It was in recognition of the very case that the Hon. Member has made that that amendment was made in discussions with members of LUAC and PLIA. They have indicated their receptivity to the treatment of not only loans in cases of hardship where a policyholder wishes to take the cash down for an emergency purpose, but in all cases where disability occurs. A policyholder, no matter whether it is an exempt policy or not, is exempted, and that person can use the cash or annuitize. That is so in the case of disability. Therefore, there are two cases; loans and disability. The old rules apply, and there is nothing new.