

the difference between the former alien company legislation and the present alien company legislation? I think the committee should have some explanation in this connection, as it is a question which suggests itself to anyone who studies the matter. The two provisions seem to be almost identical in principle; they both seek to prevent an alien company from doing insurance business in this country without a licence or without registration.

Mr. RHODES: If my hon. friend will look at the second paragraph of the preamble he will get an answer in part to this question. The powers referred to were enforced under the combined provisions of sections 11 and 91 and others of the old act. Section 91 and others have been dropped from the new bill, and there is no attempt being made to regulate the conduct of business.

Mr. ILSLEY: What did the old section 91 purport to do?

Mr. RHODES: It covered how policies were to be drafted, the payment of premiums, service in the militia, provisions with respect to lapsed policies and other matters which had to be put into the policy. That provision is dropped with respect to alien companies.

Section agreed to.

Sections 9 to 13 inclusive agreed to.

On section 14—Assets to be maintained in Canada by other companies.

Mr. CAYLEY: Would the minister explain this?

Mr. RHODES: This in effect represents a concession made, for the purpose of securing unanimity, to the New England mutual insurance companies, who stated that the very nature of their business, being mutual companies, precluded their segregating their assets and earmarking them as confined to Canadian business, because the cost of their business covering both sides of the line had to be spread evenly over the whole list of their risks. While I do not go so far as to say that the Department of Insurance take the position that they have made out a reasonable case, the effect is that this is the result of a decision reached by mutual agreement.

Mr. CAYLEY: Then they are granted certain additional favours, are they not? The section reads:

Every company, other than a fraternal benefit society, registered under this act to transact any class of insurance business, other than life insurance, shall at all times maintain

assets in Canada in respect of such class of business of an amount at least equal to the liabilities of the company in Canada.

Mr. RHODES: I do not quarrel with the statement made that this is the result of a compromise. Perhaps the position taken by the companies is not sound; they may be able to segregate their assets, but let me point this out to my hon. friend: if in time it is ascertained that the New England mutuals are not affording full and exclusive protection to their policyholders by depositing securities earmarked for Canadian business, they in the long run will suffer by reason of the fact that they will have their business diminished, and they may in time reach the point where they will have to have their assets in Canada earmarked for their Canadian business.

Mr. CAYLEY: The minister spoke of a compromise. Did it include other companies than the mutual ones referred to? Were they quite agreeable to this?

Mr. RHODES: Of course the mutuals and reciprocals would be the only ones that would be immediately concerned with this, but no doubt each of the companies would have to make some concession. It may be said that the provision as it now stands meets with the approval of all the companies.

Section agreed to.

On section 15—Securities permissible.

Mr. COOTE: Would the minister explain just what deposits these companies are required to make? Is this simply an initial deposit to enable them to carry on business in Canada? If anything further than that is intended, at least a percentage of the deposits should be made out of Canadian securities. Some of the securities specified in the section are foreign.

Mr. RHODES: The answer to my hon. friend's question will be found by reading sections 12, 13 and 14, which have just been passed, providing the basis upon which the assets in Canada are maintained and allocated.

Mr. CAYLEY: The provision reads "maintain assets in Canada." Does that mean that they must have them on deposit with the department?

Mr. RHODES: Have them physically on deposit in Canada, either with the minister or with trustees approved by the minister.

Mr. EULER: The Minister of Justice a moment ago made, I think, a remark to the effect that the mutual companies did not make deposits in the same way as do the regular companies.