

Department of Insurance Act

spend much time on them this afternoon; we shall certainly deal with them in committee. The government proposes to increase the amount which insurance companies may invest in common stocks from 15 per cent of their total assets to 25 per cent. It proposes to increase from 66 $\frac{2}{3}$ per cent to 75 per cent the limit on mortgage loans in relation to the value of the real estate; it is also proposing to amend various other investment sections. All these proposals have merit, I think, and all of them will have to be carefully considered by the committee. I believe the committee will be the place in which to deal with them rather than try to deal with them at any length this afternoon.

As I see it, the major problem presented by this bill is one to which the minister himself referred in the latter part of his speech, namely the ownership and control of companies of this type. We must remember that when he gave notice of this bill the minister told us that provisions similar in character would be applied to the Bank Act when amendments to that act were brought in later on—whether this session or next session would depend on when prorogation takes place—and we would have to consider at that time an extension of these principles to banks as well as to the companies named in the measure before us.

The provisions dealing with control are, again, capable of being divided into two parts. One section deals with ownership by one foreign person or by associated persons or companies of 10 per cent or more; the other deals with the broad foreign ownership of 25 per cent or more. At least it should be said about this bill, as compared with other legislation we have had in this field, that the minister is not making it retroactive. In this way he will avoid some of the troubles he has encountered in connection with former measures he brought in to the same effect. This one would apply only to transfers which had taken place subsequent to the evening when he announced this legislation in the House of Commons.

I suppose that as far as this 10 per cent provision is concerned we should not quarrel too much with it. That one small group might get control by acquiring 10 per cent or more of the shares of one of our trust or insurance companies is a matter of concern, and I can understand why the minister is taking a close look at it. Ten per cent of the shares might give them operative control, in any event. When it comes to the phrase "not exceeding 25 per cent ownership" I am not so sure of

the ground upon which he is operating. The royal commission on banking suggested it was wise to have a broad diversification of ownership. I think 25 per cent is not a wide distribution at all and that there is no great danger in this type of control. I noticed that the minister kept referring to "non-Canadian control". He repeated the expression time after time. I suppose that technically one could say "non-Canadian control" if shares are owned by shareholders outside Canada. But is it non-Canadian control or is it non-Canadian ownership? I suggest that the problem with which the minister is trying to deal is the problem of non-Canadian ownership, not that of non-Canadian control. I would point out that all these companies to which the present bill refers, the insurance companies, the trust companies and the loan companies, come under the direction of the superintendent of insurance and of the Department of Finance in general, under the control of the minister, and that those companies are very strictly controlled indeed. I do not think it is necessary to have legislation such as this to effect control when the parliament of Canada under existing legislation, or under legislation which could be enacted at any time, could exercise whatever control was thought desirable. For instance, if the minister wished to do so, and if parliament approved—I am sure the hon. gentleman would not wish to do so—we could order the Metropolitan Insurance Company down the hill here, a foreign controlled corporation, to invest all its funds in Dominion of Canada bonds. We have absolute power to control all its activities.

I checked briefly on some of these powers today. I do not intend to take the time of the house by going over them in detail, but the Canadian and British Insurance Companies Act itself says that it is "intended to define the status and the power of such companies incorporated by parliament and to prescribe limitations on the exercise of such powers." Those words are in the statute itself. Then it goes on to carry out this intention, and I must say it does so in minute detail.

I am not going to detail the sections that establish the qualifications of directors. This act deals with the transfer of stock. Sections 10 to 15 deal with the transfer of stock, its allotment, calls on stock, and so on. Sections 24 to 28 dictate provisions for meetings; when they shall be held, how often, and so on and so forth. Sections 29 to 35 set out the extent of liability of companies and their agents, and so on. Then, dealing with insurance funds, sections 63 to 68 prescribe the nature of the