

Canadian and British Insurance Act

Some hon. Members: Yea.

Mr. Deputy Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my view the nays have it.

Mr. Knowles (Winnipeg North Centre): On division.

Amendment (Mr. Peters) negatived.

Mr. Deputy Speaker: Is the House ready for the question on the main motion?

Some hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Motion agreed to and bill read the third time and passed.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, OPERATION AND ADMINISTRATION

Hon. Herb Gray (for the Minister of Finance) moved that Bill S-6, to amend the Canadian and British Insurance Companies Act and other statutory provisions related to the subject matter of certain of those amendments, as reported (with an amendment) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion agreed to.

Mr. Gray (for the Minister of Finance) moved that the bill be read the third time and do pass.

• (8:30 p.m.)

Mr. Max Saltsman (Waterloo): Mr. Speaker, perhaps the most appropriate way in which I could start my comments would be to read from a Toronto *Star* editorial of February 14, 1967, in which the question "Are insurance companies really doing their job?" is asked. The editorial reads as follows:

Life insurance, with its sidelines of annuity plans and sickness insurance, is a form of social security which Canadians have embraced so readily that we are the most heavily insured people in the world.

The odd thing is that successive governments have never shown the slightest interest in discovering whether life insurance, as social security, gives people good value for their money (\$1.17 billion in premiums paid in 1964).

[Mr. Deputy Speaker.]

Instead the federal department of insurance has been charged only with seeing that the insurance companies remain solvent, and in a position to meet their contract obligations.

Come depressions, war, peace, boom or recession, the money keeps rolling into the treasuries of the life insurance companies. Their assets have tripled since 1950, from \$4 billion to \$12 billion, which makes them second only to the banks as managers of other people's money in Canada.

That makes it a fine business to be on the top side of, but how does it work out for the policyholders?

Despite the persistence and the ubiquity of the salesmen, one-fourth of the population remains wholly unprotected by life insurance, even in this insurance-happy country.

What's more, the figures on lapse and surrender suggest that many people become dissatisfied with their insurance, or cannot afford to carry it. In 1964, policies with a total face value of \$2.5 billion lapsed or were surrendered in Canada—which was over six times the face value of policies that terminated by death, maturity, disability, and expiry.

The editorial concludes:

But their real reason for existence is their social security function, which has never been officially assessed, except from the narrow actuarial standpoint of the insurance department. This would be a big, worth while job for a parliamentary committee.

It has been our purpose in speaking on this bill and others to point out the need for examining the entire structure of the financial institutions, including insurance companies. We think that in a modern society there is a need for modern approaches, not the kind of anarchy that now prevails in the insurance industry which does not benefit anyone and is more appropriate to a society that does not have automation, that does not have computers and does not live in an age where men are going to the moon. While inventions are soaring ahead, our financial institutions are back in the Dark Ages. They have not changed very much over the years.

Another comment on the present system was made in the *Canadian Consumer* January-February, 1968, issue, and I quote from page 129:

Our whole security marketing system is still geared to selling—

This includes some of the activities of the insurance companies.

—rather than counselling. Canadians have been conditioned by the practices of insurance and mutual fund companies to buying family security and retirement benefits from door-to-door salesmen.

The existing system is designed to thrive on customer ignorance and confusion. The agent is hired and trained by companies, primarily to sell