

8:36 a.m.

[Ms Graham in the chair]

THE CHAIRMAN: Good morning, everyone. I'd like to now call the regular meeting of the Standing Committee on Private Bills to order.

As our first matter of business, I'd seek a motion to approve the contents of our agenda, which you will find in your binder.

MR. MARZ: So moved.

THE CHAIRMAN: Moved by Mr. Marz that the agenda be approved. All in favour, say aye.

HON. MEMBERS: Aye.

THE CHAIRMAN: All opposed, say no. The motion is carried. Thank you.

As our second order of business, I'd seek a motion approving the committee meeting minutes of March 9, 1999, which have been circulated to you.

MRS. BURGNER: So moved.

THE CHAIRMAN: Moved by Mrs. Burgener that the meeting minutes of March 9, 1999, be approved. All in favour, say aye.

HON. MEMBERS: Aye.

THE CHAIRMAN: All opposed, say no. Thank you.

Well, as is indicated on your agenda, our business today is to hear the evidence on two private bills: Pr. 1, National Bond Insurance Corporation Act, which is sponsored by Mrs. O'Neill, who is present today in her capacity as sponsor; and Pr. 3, Consumers Insurance Company Act, sponsored by Ms Blakeman, who is not present and gave her regrets and is not able to be here due to a conflict with another meeting.

Prior to calling in the petitioners and witnesses on these private bills that we will be dealing with today, I think it might be helpful to review the material you have in front of you relating to these matters and also to go over a few procedural matters. Just at the outset, I would remind members that with respect to these bills that are the subject of hearings today, they both involve the incorporation of insurance companies. Just to remind committee members, it is the role of the committee to perform stage one of a two-stage process relative to the incorporation of insurance companies, and that is to ensure that the bill incorporating the insurance company complies with the requirements of the Insurance Act. You have been provided with sections 25 to 48 of the Insurance Act in your material, I believe in your material on Pr. 1, which set out the various legal requirements for the incorporation of insurance companies.

The second stage, which the committee is not involved with but which the superintendent of insurance attends to, is for the company to obtain a licence from the superintendent before it commences business. In the process of doing that, the superintendent performs a due diligence procedure whereby the business plan of the insurance company is viewed to ensure that it is sound. As well, the competency of management is investigated. The directors and shareholders are investigated as well to determine whether or not they are reputable. The capitalization as to adequacy is investigated, and all other requirements of the Insurance Act generally are looked into so that once insurance companies have been incorporated by a special bill and then licensed by the superintendent, they are entitled to write

insurance, which is by law permissible for them to engage in.

For property and casualty companies, there is a requirement that they have a capitalization of a minimum of \$3 million, and for life insurance companies there is a minimum capitalization of \$5 million. As you may recall from previous sessions, there is a prohibition on life companies selling fire insurance.

You will also have with you the report of Parliamentary Counsel which was issued March 18, 1999. This report is required under Standing Order 99, and it outlines for you each of the bills that we are dealing with today. There's been a supplementary report filed as well by Parliamentary Counsel. The respective dates of these reports are March 18 and March 22, 1999.

So dealing with Pr. 1, the purpose of this bill is to incorporate an insurance company to deal in all classes and kinds of insurance except life insurance. More specifically, on page 1 of the background briefing you were provided with this morning, this insurance company intends to underwrite national home warranty programs, which involves offering insurance to new homeowners against costs of structural and other repairs.

Unless there are any questions to this point, I will ask that our petitioners be brought in for the hearing.

MRS. SLOAN: Madam Chairman.

THE CHAIRMAN: Mrs. Sloan.

MRS. SLOAN: Yes. Is the superintendent attending as well this morning?

THE CHAIRMAN: Yes. The superintendent and the deputy superintendent are both going to be here.

MRS. SLOAN: All right. Thank you.

THE CHAIRMAN: It is to be noted that the superintendent of insurance has provided a letter with respect to Pr. 1 wherein he is proposing an amendment to the bill, and that is in addition to section 5 of the proposed bill, requiring that before a corporation commences business it first obtain a licence under the Insurance Act. I'm sure the superintendent will speak to that in the course of his evidence.

[Mr. Atkinson, Mr. Burton, Mr. Rodrigues, and Mr. Hagan were sworn in]

THE CHAIRMAN: Good morning, gentlemen. I'd like to welcome you to this regular meeting of the Standing Committee on Private Bills. For the record, the petitioner and his agent, the superintendent of insurance, and the deputy superintendent have all been sworn in.

I'd like to introduce you to members of our standing committee. I am your chairman. My name is Marlene Graham, and I'm going to ask our respective members to introduce themselves to you, beginning with Mr. Bonner, please.

MR. BONNER: Thank you, Marlene. Bill Bonner, Member for Edmonton-Glengarry.

MRS. SLOAN: Good morning. Linda Sloan, Member for Edmonton-Riverview.

MRS. O'NEILL: Mary O'Neill, St. Albert. Pardon me. I'm here because I'm sponsoring Bill Pr. 1.

MRS. SOETAERT: Hi. Colleen Soetaert, Spruce Grove-Sturgeon-St. Albert.

MR. MacDONALD: Good morning. My name is Hugh MacDonald, Edmonton-Gold Bar.

MRS. BURGNER: Good morning. I'm Jocelyn Burgener. I'm the MLA for Calgary-Currie, and I hope you don't get my germs.

MR. COUTTS: Good morning. Dave Coutts, MLA for Livingstone-Macleod.

MR. THURBER: Good morning. Tom Thurber, MLA for Drayton Valley-Calmar.

MR. MARZ: I'm Richard Marz, MLA for Olds-Didsbury-Three Hills.

MR. LANGEVIN: I'm Paul Langevin, MLA for Lac La Biche-St. Paul.

MRS. TARCHUK: Good morning. I'm Janis Tarchuk, MLA for Banff-Cochrane.

MR. CAO: Good morning. Wayne Cao, MLA for Calgary-Fort.

MR. CARDINAL: Good morning. Mike Cardinal, MLA for Athabasca-Wabasca.

8:46

THE CHAIRMAN: Thank you, colleagues.

Perhaps before we proceed, I'll have the petitioner and other witnesses introduce themselves to the committee. Mr. Atkinson, if you could begin.

MR. ATKINSON: My name is Randy Atkinson, and I'm pleased to be assisting this application this morning.

MR. BURTON: Good morning. I'm Ken Burton, national home warranties and petitioner in this event.

MR. RODRIGUES: Good morning. My name is Bernard Rodrigues, superintendent of insurance from Alberta Treasury.

MR. HAGAN: Good morning. My name is Arthur Hagan. I'm the deputy superintendent from Alberta Treasury.

THE CHAIRMAN: Thank you, gentlemen.

I'll just introduce our table officers to you, who will be assisting us today: Parliamentary Counsel, Ms Shannon Dean, and Ms Florence Marston, clerk.

Prior to embarking on the hearing process, I thought I would just quickly go over the purpose of the hearing. It is, of course, to allow the petitioner to explain the purpose of the bill to the committee and the reasons it is requested and the contents of the bill. It also allows an opportunity for the petitioner and any other witnesses to be questioned by members of the committee and by Parliamentary Counsel. All submissions are taken under oath, as you've probably assumed by the fact that you've all been sworn in here this morning. Any other persons whose rights may be affected by the bill and any interested government departments are entitled to make submissions on the bill.

Then subsequent to the hearing today, the committee will consider the bill and make one of three recommendations to the Legislature, either that the bill proceed as presented, that it proceed as amended, or that it not proceed. The petitioner will then be advised of the decision of the committee, and if the bill is to proceed, it will go

through the normal steps for a bill in the Legislature: first reading, second reading, Committee of the Whole, third reading, and then Royal Assent.

Unless there are any questions, I will now ask the petitioner to proceed with the submission on Bill Pr. 1.

MR. BURTON: Thank you, Madam Chairman. At this point in time the singular purpose for our application is to provide insurance underwriting for a home warranty program presently operating in Alberta. This program is presently underwritten by another domestic insurer, and for reasons that are mentioned in our paper, we would feel more secure, because of a recent sale of that insurer, that we'd be in a position to provide our own underwriting for it.

We would plan on providing our product primarily in Alberta but to some extent in British Columbia and Manitoba as well. We, of course, would plan on providing capitalization evidence and the evidence of a proposed board of directors and other officers to the superintendent of insurance should this committee of the House see fit to endorse our application.

THE CHAIRMAN: All right, Mr. Burton.

Mr. Atkinson, did you wish to add to that?

MR. ATKINSON: I have very little to add. If you watched the hockey game last night, you'd have seen the advertisements for national home warranty. It's an up-and-running Alberta operation, and this step would be a vertical integration, would bring home some money which is currently going out of Alberta, and perhaps would create some jobs here in Alberta for Albertans.

THE CHAIRMAN: All right, Mr. Atkinson. Thank you.

I'll now call on Mr. Rodrigues, as superintendent of insurance, and/or the deputy superintendent.

MR. RODRIGUES: We have had some discussions with the proposers of this bill, not very detailed discussions but some preliminary discussions, and we do not have any concerns with the proposal to form an Alberta insurance company and to transfer the warranty programs that are presently underwritten by another insurance company into this company or to issue the new warranties under the new company. Having said that, I should mention that these were simply preliminary discussions. We need to sit down with the people involved to make sure this company is properly capitalized and to review their business plan in detail when that plan is submitted to us. But as an initial step of incorporating an insurance company, we have no concerns with the proposal at this point in time.

Further review will be done as to whether the company should obtain a licence at a later stage when the full financial picture is laid out to us and the business plan is clearly set out. At that time we'll also look at the directors of the company to make sure these people are indeed suitable to run an insurance company. That work still has to be done, and it depends on the proposals that we receive at some later stage.

THE CHAIRMAN: Thank you, Mr. Rodrigues. I'm wondering if you would care to speak to the proposed amendment that you have suggested for this bill.

MR. RODRIGUES: The proposed bill indicates that this company can carry on business after it is capitalized; that is, the minimal capital requirement is injected into the company. We're proposing that there be an additional requirement that the company not commence business until it is capitalized and obtains a licence from

the department of Treasury. So we're adding an additional requirement; that is, the requirement to obtain a licence. I don't think the company would carry on business without a licence, because that would be an offence under the Insurance Act. Nevertheless, I think this legislation by itself should indicate that the company will obtain a licence before it carries on business.

THE CHAIRMAN: All right. Very good.

Before we entertain any questions, just for the benefit of committee members, the form of Bill Pr. 1 is very similar to the form of a bill passed last year which you may recall, the Millennium Insurance Corporation Act, a copy of which is with your materials.

I'm wondering, Mr. Rodrigues, if you would mind walking the committee through the various sections of the proposed bill, paying particular attention to sections 8 and 9.

MR. RODRIGUES: Section 8, for convenience, refers to certain sections of the Business Corporations Act that deal with the incorporation of companies generally rather than repeating those provisions which, from my recollection, deal mainly with liquidation and winding-up procedures. Those sections will apply to this act also, so rather than repeating sections 65 to 71 of the Business Corporations Act, this bill incorporates those provisions into this legislation simply by reference.

Section 9 refers to section 136(8) of the Insurance Act. What section 136(8) of the Insurance Act does is set out the procedure for the payment of shares; that is, the shares have to be subscribed in installments. It sets out a certain time frame which, if followed, will actually delay the commencement of business of this insurance company. What we've agreed is that in future bills of this type we will not require them to go through this process, which means they can put all the capital into the company at one shot without having to go through the installment process.

This is consistent with the new Insurance Act that we hope to introduce this spring, which does not have an installment process for capitalization, which, in our view, is quite an archaic process and is not one that is suitable to start an insurance company within a short time frame of capitalizing it. If we would follow the Insurance Act as it is now, it will take at least, I think, three months to get this company fully capitalized. What we propose is that this company be exempt from this provision of the Insurance Act so it can capitalize itself in one shot as opposed to an installment basis.

THE CHAIRMAN: Thank you, Mr. Rodrigues.

Were there any other submissions that the petitioner or his agent would like to make?

MR. BURTON: No. I think we've provided everything that hopefully will be necessary.

THE CHAIRMAN: All right. Very good.

MR. ATKINSON: We certainly have no objections to the proposed amendment.

8:56

THE CHAIRMAN: Very well then.

Any questions? Yes, Mr. Pham.

MR. PHAM: Thank you. My question is to the superintendent of insurance of Alberta Treasury. Given the fact that the petitioner will eventually have to come to you for a licence and you will do a thorough study of the petitioner's business plan data, why is it that this kind of bill is brought to this committee, because eventually you

have to do the licence issuing anyway? This question is not related only to this petitioner but to future petitioners requesting a similar bill, because eventually your department will have to do a thorough study and issue the licence, and that is the requirement for a company to start off in Alberta. I'm just wondering if we should eliminate this process altogether and save the petitioner time. In the future if there is another insurance company wanting to set up in Alberta, they shouldn't have to go through this unnecessary step.

MR. RODRIGUES: This process is simply to incorporate the company. Insurance companies by law are not permitted to be incorporated under the Business Corporations Act. An insurance company must be incorporated by a special act of the Legislature. The rationale for that is that an insurance company is a very important financial institution dealing with consumers in Alberta. It's a privilege more or less to form an insurance company, and you have to come to the Legislature to get that permission to form the entity. After the entity is formed, then they come for a licence from the superintendent, so we simply license a company that is formed by a special act of the Legislature.

MR. PHAM: I fully appreciate that, but my point is that eventually your department will do the final check -- right? -- and a corporation or company from my perspective can be incorporated in whatever way they want. Eventually you have to check and make sure the business plan meets the requirements. We are not . . .

THE CHAIRMAN: I hate to interject, but this may assist you, Mr. Pham. Under the existing Insurance Act, section 136 -- and you have a copy of that -- does require an insurance company to be incorporated by a special act of the Legislature, but under the new Insurance Act, the rewrite that will be introduced later this session, that requirement will be changed, and the Lieutenant Governor in Council will be empowered to incorporate insurance companies. Petitioners will no longer have to go through this procedure.

MR. PHAM: Thank you, Madam Chairman. I want to make it easier for people to do business in Alberta.

THE CHAIRMAN: Yes, a very good question. That should be happening soon.

Mr. Cardinal.

MR. CARDINAL: Thank you very much. I think the way the structure is presently set up is a good process to provide stability for people buying insurance out there. Otherwise, if it was wide open and you could do it under a regular company, you'd have a lot of insurance companies starting up and closing doors. This process protects that, and I think it's a good process.

I also had some visibility with the national home warranty program as a former employee of the Alberta housing corporation, and it is a good program. It started in Alberta and should stay in Alberta. I didn't realize that the transition had taken place as far as ownership and the bankers. The question I have is: are you buying existing stock of housing presently covered by the existing process, or are you purchasing once you're set up and you have proper capitalization and proper bonding? Are you just starting out with zero and then you start covering homes under the new process?

MR. BURTON: I'll respond to Mr. Cardinal's question. Firstly, on your preamble. It was just the underwriting of the program that was extraprovincial. When we are fortunate enough to receive the blessing of the superintendent's office, the policies that are written in will have no effect on the operations of the warranty program

previously. They'll be from D Day forward, and the previously existing thing will continue to be underwritten by the previous underwriter.

MR. CARDINAL: What would happen then? Basically you'd go into competition with this existing company, and eventually one or the other would maybe do all the coverage. Or could you see the point where you have two different processes covering the new home warranty, which could cause some confusion to the home buyer out there, the new home buyer?

MR. BURTON: Yes, that presumably would be a possibility. In the early days at least we would continue to act as a broker as opposed to a company for the previously existing policies. We also perceive a capacity issue might arise for us, capacity meaning the number of policies the superintendents of insurance will allow us to write. We may very well need more than a single underwriter of the program -- and the previous underwriter may well fill that role in addition to that -- and we would certainly have to work that out with the superintendent's office.

MR. CARDINAL: Okay. A final question is in the area of the fees for the national home warranty program. Is it covered under the mortgage insurance fee now, or is it a separate fee?

MR. BURTON: It is a separate fee.

MR. CARDINAL: That the consumer pays.

MR. BURTON: That's correct.

MR. CARDINAL: Is there a set rate for that fee, is there a range, or is it wide open?

MR. BURTON: No. There is a range. I'm glad you brought that question up, because I think it points to something we should have highlighted before, and it's my fault for not having done that. Since we've been in the industry of providing warranty protection to Albertans, I think it's fair to say that the mean of the premiums that are charged has come down anything in the order of 25 to 28 percent since competition has been offered in this province. Previous to our entry, in fact across the country, not just Alberta, the existing warranty programs operated pretty much as a monopoly since we received CMHC approval -- and that is mentioned in our handout -- which was, I hope to say, not a mean feat. It took three or four years of lobbying federal Crown corporations to receive CMHC recognition, which was pivotal, of course, to our being fully in the business. But they have come down.

I've gone rambling on so much, I don't know if I answered your question directly or not.

MR. CARDINAL: Close. Thanks.

THE CHAIRMAN: Mr. MacDonald.

MR. MACDONALD: Madam Chairman, my questions were very, very similar to Mr. Cardinal's, and with respect, they have been answered. Thank you.

THE CHAIRMAN: Okay.

Mrs. Sloan.

MRS. SLOAN: Thank you, Madam Chairman. I actually have a series of questions both for the petitioner and the superintendent. I'm wondering if the petitioner could tell us what the client base currently

is in Alberta that has secured warranties under the national home warranty program.

MR. BURTON: In the area of 2,800 to 3,200 units in the five or six years we've been offering the business in Alberta.

MRS. SLOAN: Could you explain to us what would happen to their warranties subsequent to this petition being approved?

MR. BURTON: Since the change in future underwriting has no impact on what was underwritten previously by the existing insurer, there would be no impact at all on those policies that were written by us previously. The only impact would be on future policies that are written, and I think any change there would be in one sense transparent and in the other sense would certainly have no impact whatsoever. The national home warranty program would continue to operate as it always has. Just the underwriting, the financial security for offering is what would be changed.

MRS. SLOAN: But technically the parent company would have to find a new agent to address those warranties if your petition was successful or no. Am I incorrect in interpreting that the Alberta base for the maintenance of their warranties would be gone if your petition is successful?

9:06

MR. BURTON: The service to the existing files will continue to be offered by the insurance broker on those files, which is an Alberta brokerage. That would not be impacted either.

MRS. SLOAN: Fourth question. Is the parent company aware of your petition?

MR. BURTON: The existing underwriter?

MRS. SLOAN: The American company.

MR. BURTON: I'm sorry. The existing underwriter, are they aware of our petition in front of . . . Their local management is. Whether their head office is, I don't know the answer to that. But local management is aware of our petition.

MRS. SLOAN: All right.

Now my questions, I guess, are to the superintendent. Are there any liability risks, corporately or to the individual warranty holders, with this petition? Given that the underwriter currently is an American company, they may or may not be aware of the petition at the senior corporate level, so I'm wondering if you've explored that with this petition.

MR. RODRIGUES: The existing underwriter is an Alberta licensed insurance company. It is a Canadian incorporated company that is owned by a foreign company, so we do not see any risks associated with the formation of a new insurance company to take on the new policies to be issued. The existing policies will remain with the current company, and that current company will have to continue to hold sufficient assets to meet those liabilities.

The existing company right now is a federally incorporated insurance company, not an Alberta company, so it is regulated by the federal government with respect to solvency and reserve requirements. So we do not anticipate any potential exposure to the current policyholders that are insured by the existing company, which will still continue to be licensed in Alberta from my understanding, and if it chooses to withdraw, it will then have to transfer those liabilities and assets to another insurance company to take care of those policies.

MRS. SLOAN: Madam Chairman, could there not, though, be an argument made that the petitioner has information, has access to certain files? There's reference made to a book of business in the petitioner's submission to the committee. Could there not potentially be an argument made that the petitioner has trade secret provisions that would provide this company we're discussing this morning with a leg up, so to speak, in the establishment of their warranty programs in the province based on their previous relationship with the parent company?

MR. RODRIGUES: We are not aware of any agreement restricting the petitioners from doing this program by themselves. If there is such an agreement, that would be a contractual matter between the two. However, when this company comes for a licence, their business plan will have to be reviewed by us, and at that point in time we will look at any potential problems of that nature. I think by that time this bill will be fairly public. It's already public. So the existing insurance company that underwrites this program should be aware, ought to be aware that this plan is being presented to the Legislature and is being considered by the Legislature, and if they have any concerns, I think they will actually be bringing them to our attention. But, in any event, when we come to the licensing process, we will look to see if there are any of those potential problems that might be affecting this insurance company, because if this insurance company is going to start with a potential lawsuit hanging over its head, we would not be in favour of granting that company a licence at that early stage.

MRS. SLOAN: Could I ask, Madam Chairman, that the superintendent put some of this background in writing to the committee with respect to the exploration of that particular area, whether or not there is any risk?

THE CHAIRMAN: Mrs. Sloan, yes, the proceedings will be reported in *Hansard*.

MRS. SLOAN: With respect, I think the superintendent this morning has not obviously had the opportunity to review that, and what I'm trying to establish is whether or not there is any basis for risk in the application. If more information comes to his attention, I'm simply seeking that it be provided to the committee.

MRS. BURGNER: Point of order, Madam Chairman. It's my understanding that the superintendent of insurance prior to the discussions this morning took an oath based on his responsibilities and has presented us with an actual scenario determining that this is an appropriate petition, that it's in order, and I find the line of questioning inappropriate given the proceedings we have just gone through and the material that's been presented.

THE CHAIRMAN: Thank you, Mrs. Burgener.

Mrs. Sloan, as was discussed before the hearing started, the role of the committee is step one of a two-step process. The committee is to determine if the basic requirements relative to the incorporation of an insurance company have been met. Step two, which I think would involve, you know, the kinds of questions you're concerned about, really is the purview of the superintendent and comes after the company has been incorporated, deals with the business plan, the kinds of things you have raised today. So unless you can convince me otherwise, I'm inclined to say that your request is out of order today.

MRS. SLOAN: Madam Chairman, I was simply requesting additional information. My understanding is that we're not voting on this bill

this morning. Is that correct? So if additional information comes to light with respect to the issues I've raised, I was simply seeking that that information be provided to the committee and was not at all implying that the superintendent was not providing information to the best of his ability verbally. I think as responsible members of this committee we should be entitled to receive information that provides us with a greater breadth of understanding about the application being made and therefore be in an informed position to vote on the bill.

THE CHAIRMAN: All right. Thank you, Mrs. Sloan.

MR. CARDINAL: I'd just like to say that the presentation was well done. We have a lot of information in front of us, and I don't think we need a whole lot more information to move forward with this process. What more do you need? I mean, the members asked all the questions we have. As responsible members of this committee we've studied the stuff. A lot of us have had previous experience with the new home warranty program. It's a straightforward process, and it should remain in Alberta if possible.

THE CHAIRMAN: Thank you, Mr. Cardinal.
Mr. Pham.

MR. PHAM: Thank you, Madam Chairman. I think the Member for Edmonton-Riverview can have the right to ask that question. There is nothing stopping her from asking the question. And, Mr. Superintendent, it will be up to you. If you have the information, you can share it with her in the future. If not, then we just go on. I think that's probably the easiest way to deal with it.

THE CHAIRMAN: Thank you, Mr. Pham.

Well, you know, if that would suffice, Mrs. Sloan, if what you're asking for is if new information comes to the attention of the superintendent he provide that to committee members, I'm sure he's willing to oblige.

MR. RODRIGUES: Just one point with respect to timing. This act allows this insurance company a period of two years in which to apply for a licence. It also allows them a further extension. So it is possible and perhaps likely -- and maybe the petitioners can explain -- that I might not get any more information with respect to this company for another year. It depends on the state of the petitioners with respect to their business plans.

So the point I'm making is that this session could be over before the company comes to me with an official application for a licence and I might not have any information to give. However, it's possible that before the company comes for a licence, this act has to be passed, because they're not eligible to obtain a licence until they're incorporated.

MR. PHAM: That's exactly my point.

THE CHAIRMAN: Yes. Thank you.

Mr. Atkinson, you wanted to add something?

9:16

MR. ATKINSON: Well, just as a point of clarification, is your question not: does the province or anyone associated with the existing operation face criticism or perhaps a lawsuit as a result of the underwriting of this contract changing from where it is today to the National Bond Insurance Corporation? Is that the nature of your question? Because that is outside this petition, and I think you could get a legal opinion back if you so chose, could you not?

THE CHAIRMAN: You're suggesting the superintendent . . .

MR. ATKINSON: No. I'm just saying if that's the clarification -- what's gone on here is that Mr. Burton has established a brokerage that went to a third party and said: will you underwrite this contract? The answer was yes. So he has done the marketing and will continue to do the marketing, will continue to do all the servicing with respect to that marketing, and the only thing that's going to change is the logo on the contract, which will change to this company as soon as it's licensed. This really doesn't answer your concern, but your concern is not specific to this petition. It's a general concern.

MR. BURTON: If I could just pick up on Randy's response to Mrs. Sloan's question. The circumstances would be no different than your existing broker finding a new insurance company to underwrite your homeowners insurance and making a suggestion -- if in the unlikely case that someone has purchased a home twice in the past couple of years, both of them with protection provided by national home warranty programs, the home they purchased in 1997 or 1998 would have been under the national home warranty programs with the underwriting of the previous insurer. If you bought another home in the year 2000, and god willing our business plan continuing through, then that warranty would be offered by national again with separate insurance underwriting. It's no more complicated or different than that, and it's commonplace for brokers to recommend changes of insurance companies routinely.

THE CHAIRMAN: Thank you, Mr. Burton.
On this point, Mr. Thurber.

MR. THURBER: Yes. Thanks, Madam Chairman. I think we're getting off the topic here and a long ways afield. Perhaps this should be put to a vote of the committee, whether we want to go this route or not, because we're getting into an individual argument as opposed to the committee as a whole asking questions. I think the questions have been fair, they've been answered, and perhaps to this extent you could put it to a vote of the committee.

THE CHAIRMAN: Thanks for that, Mr. Thurber.

Based on all the input we've had on this point today, I would be asking Mr. Rodrigues as superintendent to provide the committee, if any other information comes to his attention relative to this petition before April 13, which is when the committee intends to meet to deliberate on this bill -- that that information be brought to the attention of the committee. If you are willing to undertake that, Mr. Rodrigues, I believe that answers Mrs. Sloan's concerns.

MR. RODRIGUES: I certainly will, Madam Chairman.

THE CHAIRMAN: Is that satisfactory to you, Mrs. Sloan?

MRS. SLOAN: It is.

I have a procedural point, not on this petition but with respect to this issue, that I'll raise . . . I don't want to detain the petitioner any further, but I would like to have a discussion about it. Thank you.

THE CHAIRMAN: I believe we had one final member who wished to ask questions. Mr. Cao?

MR. CAO: Thank you, Madam Chairman. My question is regarding the consumer, the client base, and you have answered some of my concerns. When you create a new underwriter -- I believe you will have the Millennium company; right? -- the existing clients will still hold the previous underwriter, so you have your old and new ones. My question is: the home warranty usually is a year; is that correct?

MR. BURTON: In Alberta actually they run five years.

MR. CAO: Five years.

MR. BURTON: Yes.

MR. CAO: So basically we have five years for existing clients to switch if they'd like to. If they don't want -- I mean, during that five years they can stay with the old underwriter?

MR. BURTON: I'd be pleased to respond to that. The policy that existed when customer A bought their home and received the warranty protection is in existence for five years. There is no need or any method by which they could switch their underwriters. There is no additional payment of premium, no additional underwriting that has to take place, and regardless of the individual's decision, the warranty program goes on the house, goes on the unit. So that is where the protection is offered. When someone moves, they don't take the protection with them. The protection stays with the home, and it exists for five years.

And you're absolutely correct. The national change in insurance underwriting has no effect whatsoever on the existing protection that's been offered to those that bought their protection previously.

MR. CAO: Just to add another question regarding the client base. The builders themselves -- sometimes, I recall, they also say, "We'll pay for your warranty insurance." Now, is that the case here, some relation would develop for builders?

MR. BURTON: I'm feeling that that's exactly the situation. It is the builder or developer that makes the decision as to which warranty program they're going to enrol with. It is the builder who is responsible for the premium payment and not the consumer. The fact that the protection is there is an advertising, marketing advantage to the builder should he choose to take advantage of it.

MR. CAO: Well, that's my question. Thank you.

THE CHAIRMAN: Right.

Other questions? Mrs. Sloan.

MRS. SLOAN: Thank you, Madam Chairman. I have one final question just with respect to the capitalization, and it's to the superintendent. Because previously the warranties were offered by a large corporation, which obviously from a capital standpoint would have a lot more security, is the superintendent confident that the capitalization proposed, which I think is \$3 million in the bond, is sufficient for this company to be able to provide warranties in a . . .

MR. RODRIGUES: Capitalization, that is mentioned in section 3 of this act, is equal to the capitalization required under the Insurance Act. But that is the minimum capital requirement. When the business plan is received, we look at the volume of business this company proposes to write over a five-year period, and then we will determine whether this minimum capital requirement is sufficient for that volume of business. The minister under the Insurance Act has the ability to require an additional amount of capital commensurate with the volume of business the company proposes to undertake. So this is just a minimum amount. It can be greater than that depending on the business plan.

MRS. SLOAN: Thank you.

THE CHAIRMAN: Mr. Langevin, and I'll just say this. I don't wish

to limit the inquiry in this matter, but we do have another hearing this morning.

MR. LANGEVIN: Yes, that's the reason I wanted to be recognized. We've had a fair amount of discussion so far, and I believe all the members had a chance to ask questions if they had any. So if I'm in order, I'd be prepared to make a motion that we approve Pr. 1 as . . .

THE CHAIRMAN: Well, I agree with you. We do need to move along. But, Mr. Langevin, typically we confer at a subsequent date to deliberate and make a decision. I think we will stick to that procedure, but I certainly appreciate your point.

MR. LANGEVIN: Thank you.

THE CHAIRMAN: If there are no further questions, any comments by Parliamentary Counsel?

MS DEAN: No, Madam Chairman.

THE CHAIRMAN: Any closing comments by a petitioner or agent?

MR. BURTON: From my aspect, I want to thank you for having us here this morning. We hope we answered all the questions. I believe we answered them as well as we could and hopefully answered them as well as you expected.

Thank you very much.

THE CHAIRMAN: Thank you all for your presentation, and we will now adjourn the hearing on Pr. 1.

[Mr. Goldford and Mr. Hauge were sworn in]

9:26

THE CHAIRMAN: We are now going to deal with Bill Pr. 3, Consumers Insurance Company Act. I'd like to welcome the petitioners to this hearing today, Mr. Goldford and Mr. Hauge. You have been sworn in. I would just confirm with Mr. Rodrigues and Mr. Hagan that you confirm that you are still under oath. Okay?

Without going into a whole lot of detail, as I'm sure you were able to hear the outline of the procedure we use here, I won't go into that unless you have any questions. I will have members of the committee introduce themselves to you, and then we'll get under way with the hearing.

If we could start with Mr. Bonner.

MR. BONNER: Yes. Mr. Bill Bonner. I'm the Member for Edmonton-Glangarry.

MRS. SLOAN: Good morning. Linda Sloan, Member for Edmonton-Riverview.

MRS. SOETAERT: Good morning. Colleen Soetaert, Spruce Grove-Sturgeon-St. Albert.

MR. MacDONALD: Good morning. My name is Hugh MacDonald, Edmonton-Gold Bar.

MRS. BURGNER: Good morning. Jocelyn Burgener, MLA, Calgary-Currie.

MR. COUTTS: Good morning. Dave Coutts, MLA, Livingstone-Macleod.

MR. MARZ: Richard Marz, MLA, Olds-Didsbury-Three Hills.

MR. LANGEVIN: I'm Paul Langevin, MLA for Lac la Biche-St. Paul.

MR. ZWOZDESKY: Good morning. My name is Gene Zwozdesky. I'm the MLA in Edmonton-Mill Creek.

MR. PHAM: Good morning. Hung Pham, MLA, Calgary-Montrose.

MRS. TARCHUK: Good morning. I'm Janice Tarchuk, MLA for Banff-Cochrane.

MR. CAO: Good morning. Wayne Cao, MLA for Calgary-Fort.

MR. CARDINAL: Good morning. MLA for Athabasca-Wabasca, Mike Cardinal.

THE CHAIRMAN: I'm your chairman, Marlene Graham, and assisting us at the table today we have Parliamentary Counsel Shannon Dean and administrative assistant Florence Marston.

Your petition is to incorporate an insurance company to engage in the business of insurance for all types of insurance except fire insurance, I understand, and with that preliminary statement, I'll hand it over to you, Mr. Goldford.

MR. GOLDFORD: Thank you, Madam Chairman. I want to thank all members here for giving us the opportunity to represent ourselves this morning.

This particular act, more so than certainly the one previous, is more a matter of form than substance as will become evident. It was drafted rather quickly, and in that regard I'd like to acknowledge particularly Parliamentary Counsel's assistance, the *Gazette's* assistance, and Laurie Blakeman's office's assistance, as well as Mr. Rodrigues, who answered some of my rather naive questions as we went through this.

I and Mr. Hauge are lawyers in Edmonton. We have a rather general practice, and what will become the principal behind the consumers insurance company should this act receive your blessing and the blessing of the Legislature is a Mr. Daniel Kahan, a client I've known for about a year and a half who's very active as an actuary and a very creative person in terms of insurance products. He has a long history, as he's explained in the letter that's been provided to you, which I received from him yesterday. At the end of the letter he sets forth for you, in the second last paragraph, the purpose he has initiated us to do to become co-petitioners and present to you this private bill.

There was some hope that we would be able to provide you with more information this morning. As you can see from the paragraph, which I'll read briefly, it indicates that Mr. Kahan is representing a group of investors who are in the process of confidential negotiations to purchase a small life insurer, an existing life insurer in another province with the intent of ultimately perhaps having the head office here in Edmonton but certainly having a subsidiary of this life insurer here. Mr. Kahan became familiar with the Alberta legislation, and I believe, Madam Chairman, you're familiar with some of the interests he has. Last summer he became convinced that Alberta offered some real advantages for him and the group he represents in establishing a life insurer. It's primarily a life insurance business he's interested in at this time.

The bill itself is based on previous private bill legislation that's been presented and approved in the Legislature. We made it as general as we could, not knowing specifically what participation would be involved and knowing that we would be undergoing serious

due diligence from the superintendent of insurance's office, Mr. Rodrigues' office, and that that would be the follow-up. Our main intent was just to ensure that the bill took away as many restrictions that might impede the development of the business as would be permissible to both the Legislature and Mr. Rodrigues' office. I believe there is one other amendment, which I can tell you we have no objection to whatsoever.

We recognize that this is the incorporation phase and that there will be a long period of due diligence. We believe at this time -- and we've attached at the end of Mr. Kahan's letter and at the end of his attachments, which demonstrates some of the experience he's had both in the industry and through the Ontario Legislature -- a letter from McMillan Binch, the law firm in Toronto that is representing the group of investors, and a CV on the particular lawyer that's involved.

We're here today to answer whatever questions we can as petitioners. Our problem is obviously that we had hoped that the purchase of this life insurer, this asset would have been to the point where we could have shared more information with you. We're not at that point. We understand it's imminent, but these things have their way of proceeding on their own course. The alternative that is open to Mr. Kahan would be to initiate at the start-up a business plan, but at this point it looks quite likely that he's going to be proceeding with the acquisition, and this bill in its form is acceptable to him to bring his investors in and apply for the licensing.

9:36

THE CHAIRMAN: All right. Thank you, Mr. Goldford.

Mr. Hauge, did you wish to add anything?

MR. HAUGE: I have nothing more to add; no.

THE CHAIRMAN: Okay. I'll ask Mr. Rodrigues, then, as superintendent to comment on the bill.

MR. RODRIGUES: Unlike the previous bill, Pr. 1, I've had no discussions with the presenters with respect to the plan, the proposal as outlined in Mr. Kahan's letter. We simply discussed the form of the type of bill but not in any detail with respect to the proposed operation of this insurance company.

I have received a copy of Mr. Kahan's letter to the committee of March 22. I received that this morning, so I must admit that I'm not in a position to comment at this point in time as to whether or not I have any concerns with the objectives of this bill, but the form of the bill is consistent with other bills presented before the House. It's just the business plan; I can't comment on that at this point in time because I just received the information this morning.

THE CHAIRMAN: At this time I would just put on the record for the information of all members of the committee that the material that Mr. Rodrigues speaks of was provided to Parliamentary Counsel this morning and distributed to you, so there wasn't an opportunity to distribute it earlier. I think, Mr. Goldford and Mr. Hauge, you'd confirm that; would you?

MR. GOLDFORD: That's correct.

THE CHAIRMAN: All right. Mr. Rodrigues, anything further that you would like to add? I see that you have recommended the same amendment for this bill as at the previous hearing, and that is to amend section 4(3) by adding "(b) the company has obtained a licence under the Insurance Act" before commencing business.

Mr. Goldford, that's acceptable to you?

MR. GOLDFORD: Yes, Madam Chairman.

THE CHAIRMAN: Just before entertaining questions from committee members, I'm wondering, Mr. Rodrigues, if you could just state generally whether or not viatical type insurance is an approved type of insurance for companies in Alberta.

MR. RODRIGUES: A life insurance company is authorized under the Insurance Act to offer what is commonly referred to as viatical supplements. That is the ability of an insurance company to make a payment to a policyholder who's terminally ill as sort of an advance payment. That ability is not allowed any corporation other than a life insurance company under the Insurance Act. So in order for a person to buy a life insurance policy from a terminally ill individual, that person must be a licensed insurance company. It's something that has become an issue, not in a negative way but as a result of recent demands in the past 10 years. There appears to be more people who want to cash in their life insurance policies on their viatical settlement than in the past, so more insurance companies are being asked to provide this service, but under the Insurance Act only a life insurance company can do that. No one else can.

I should mention, Madam Chairman, that this provision in the existing act is going forward into the new Insurance Act also; that is, to prevent a person other than the insurance company from offering viatical settlements.

THE CHAIRMAN: To the best of your knowledge, Mr. Rodrigues, are there life insurance companies operating in Alberta providing this type of insurance?

MR. RODRIGUES: They do provide it. Some companies more than others will offer advance payments. There are guidelines that the insurance industry has developed encouraging insurance companies to be more responsive to clients who want to cash in their life insurance policies early when they're terminally ill.

THE CHAIRMAN: Thank you.

Are there any questions by committee members? Mrs. Soetaert.

MRS. SOETAERT: Thank you, Madam Chairman. Just to clarify something, Mr. Rodrigues, if you don't mind. You're saying that this is done often under life insurance acts but not under -- this would be a consumer insurance company act. Or would that fall under life insurance as well?

MR. RODRIGUES: It would fall under life insurance, yes.

MRS. SOETAERT: It would? Okay. Thank you.

THE CHAIRMAN: Mrs. Sloan.

MRS. SLOAN: Thank you, Madam Chairman. Two questions, the first to the petitioners. Can you indicate to the committee, as you are named as provisional directors, what would be the primary focus of the company and the secondary focus, if there is a secondary?

MR. GOLDFORD: Thank you. The primary focus is to establish the company, as a lawyer would do for a client, to work with the client in the licensing process. We are required to remain as provisional directors until the preliminary requirements have been fulfilled and the licensing is obtained, and at the first general meeting, I believe, at that point we can be replaced. I think that would be our intention at this time: to continue to work with Mr. Kahan over whatever period of time is necessary to see this company obtain its licensing.

Neither of us has any particular interest in participating in the business or in remaining as directors after the business is capitalized and licensed.

MRS. SLOAN: I'm sorry, Madam Chairman. My question was really: what is the primary market that the company's looking to serve? Perhaps you're not in a position to comment on that.

MR. GOLDFORD: Other than to say that there's a strong interest in life insurance products, I can't say beyond that. I haven't met the investors. In fact, I know I haven't heard anything beyond that at this point, no.

MRS. SLOAN: Okay. Thank you.

My second question is to the superintendent. Based on the bill that we've received from Mr. Kahan this morning, he indicates that really this entity that is applying, making this petition before us, is not formalized, that in fact the entity, as it will exist in Alberta, will be a subsidiary of another company. I guess my question is: is it procedurally possible for an entity to make an application, a petition, when it is in fact not formalized?

MR. RODRIGUES: The petition is to become formalized, really. As I said earlier, I'm not quite familiar with the proposal myself. What I gather is that the petitioners are asking to form an insurance company in Alberta. That insurance company will then acquire another insurance company, and it's the other insurance company, the subsidiary which is the one doing the business. The parent company, which is the one that is being proposed here, will not actually get into the business of insurance.

MRS. SLOAN: Madam Chairman, I think it's the reverse. I may be wrong, but in reading Mr. Kahan's submission, he says that he's now in the process of representing a group of investors who are in serious and confidential negotiations to purchase a life insurer in another province. Then he goes on to say: "We are interested in immediately setting up a subsidiary . . . in Alberta." So the parent company would be somewhere else. The subsidiary would be in Alberta.

MR. RODRIGUES: I'm reading another paragraph that seems to indicate a little differently. That's the second to last paragraph. So I'm not sure myself what the plan is.

MRS. SLOAN: Okay. Thank you.

THE CHAIRMAN: Mrs. Sloan, if I could make a suggestion. Perhaps that question is better directed to Mr. Goldford or Mr. Hauge.

MR. GOLDFORD: If that's all right, I'll take a stab at it. I think what we're doing today is creating the entity. The ownership of that entity and the management and direction of that entity are to be established subsequently and to be approved through the licensing process. What Mr. Kahan is indicating to you is the relationship as he sees it between his acquisition and this company that we're forming today. So this company today has no shareholders. It has two provisional directors. It has no assets. It has certain obligations, minimal obligations to establish itself, not only licensing but in terms of capitalization, which is yet to be determined.

9:46

MRS. SLOAN: If I could make a humorous observation, Madam Chairman. It seems almost as though we're deliberating about the birth of a child when the mother itself has not been created, which seems somewhat odd.

THE CHAIRMAN: We're deliberating about the birth of an insurance company; that is true.

MRS. SLOAN: That's correct, but the mother is not . . .

THE CHAIRMAN: This insurance company doesn't need a mother, the way I see it.

MRS. SLOAN: Fair enough.

THE CHAIRMAN: Were those all your questions, Mrs. Sloan?

MRS. SLOAN: Yes. Thank you.

THE CHAIRMAN: All right. Any other questions from members?

MR. ZWOZDESKY: I was just struck by something in the submission here that suggests that the petitioner had initially requested a postponement of today's date. I'm assuming that is so that additional information could be provided. I'm just wondering: do we have everything now before us, or can we expect some additional information to still come in, that perhaps wasn't able to be provided in time for today's meeting?

THE CHAIRMAN: Mr. Zwozdesky, I don't think an adjournment was formally requested. There was some discussion about it, and I'll ask Parliamentary Counsel to comment.

MS DEAN: If I may, Madam Chairman. Just for the committee's knowledge, I did receive a fax from Mr. Kahan, I believe on Thursday, which seemed to indicate that he wanted to postpone today's hearing. However, I conferred with Mr. Goldford, who did in fact confirm that they would like to proceed with today's hearing. So that's the reference in the attachments today.

THE CHAIRMAN: So your question is: is more material forthcoming?

MR. ZWOZDESKY: Yeah, exactly.

THE CHAIRMAN: Mr. Goldford.

MR. GOLDFORD: Yes. Thank you, Madam Chairman. I think that Mr. Kahan as the expected mother image is quite appropriate. He wants to know the sex, the colour of the hair, everything, and he'd love to share it with you. He's very frustrated by the contractual restrictions on confidentiality and the fact that he hasn't consummated his transaction.

Had we been able to ensure that that would happen first, Mr. Zwozdesky, we would have been sharing more information with you. I explained to him the process and conferred with Parliamentary Counsel, who, again I repeat, has been very helpful. We decided, after relaying this to Mr. Kahan, that we should proceed today.

MR. ZWOZDESKY: Thank you for those answers.

THE CHAIRMAN: Okay. Mr. Pham, you have a closing question?

MR. PHAM: Yeah, a very quick question on the background. Mr. Kahan seems to have tried to do this for quite some time now, since 1993 until now. According to his letter he tried in Ontario, he tried in B.C., and he's now trying in Alberta. Has he had any success yet?

MR. GOLDFORD: Thank you, Mr. Pham. Madam Chairman, he has

experience in the viatical settlements through a group of actuaries that he is associated with, but until he becomes associated with a life insurance company, he won't be able to do any more than a consulting type of secondary role. So he has experience, yes, but not as a principal, not as a life insurer.

THE CHAIRMAN: There being no further questions from the committee, Parliamentary Counsel, do you have any comments? Any closing remarks that the petitioners would like to make? Superintendent?

MR. RODRIGUES: I'd just make one comment. I'm still not too sure exactly what the plan is, but one part of the plan is that this will all happen under the new Insurance Act. So this proposal seems to be premised on the pattern of the new Insurance Act to allow a company from another province to be moved to the province of Alberta. So it's just to reiterate my earlier comment that I'm not too sure exactly what the plan of action is.

THE CHAIRMAN: All right. Well, thank you for that. So you're saying that the actual conduct of business is conditional upon the passage of the new Insurance Act and the licensing under that Insurance Act.

MR. RODRIGUES: Which by itself requires a different type of incorporation process than this one. So I'm not too sure what I can say with respect to this proposal at this point in time without having that additional information.

THE CHAIRMAN: But certainly on the face of it, for the incorporation purposes the bill is in order . . .

MR. RODRIGUES: The bill is consistent with other bills that we've looked at before.

THE CHAIRMAN: . . . including the recommended amendment that you've proposed which has been accepted.
Anything further, Mr. Goldford?

MR. GOLDFORD: No. Thank you, Madam Chairman. Thank you again for your time.

THE CHAIRMAN: Well, we thank you, and we will be notifying you of the committee's decision once we have had an opportunity to deliberate on this matter, which we expect to be April 13. So you should hear in due course after that date.

We will now adjourn the hearing on Bill Pr. 3, and we thank you again.

All right. Returning to our agenda, is there any other business members would like to raise? Mrs. Sloan.

MRS. SLOAN: Thank you. Just the point that previously I raised procedurally with respect to our debate on Bill Pr. 1. I would hope that as members of this committee there could be some level of tolerance for other respective members of the committee asking questions. Particularly, I like to have as much information as I can have in making a decision, and my position and responsibilities in this committee I believe are to raise questions and seek information if it's available. I respect the fact that it may not in all cases be available or that it may be another stage in the process at which time that sort of information would be discussed.

But I would say, Madam Chairman, that the comments made this morning by other members of the committee that reflected an intolerance for questions being raised were really not professional. Particularly when we have guests before us in the Chamber, we

should be treating each other with a degree of decorum and respect. Regardless of what partisan parties we may represent outside this Chamber, I think in this Chamber there should be a degree of decorum and professionalism that is honoured, and the sidebar comments about asking questions should be restrained.

Thank you.

THE CHAIRMAN: All right. It looks like we're going to have a bit of debate on this. I would certainly agree with you, Mrs. Sloan, that in accordance with our responsibilities here we should have full information in order to make good decisions. However, that is limited by what is relevant to the matter before us. If I could be so bold as to say, I believe that maybe some of the comments of other committee members were directed on that point: was the question relevant? I don't think petitioners that appear before us need to be put through the wringer, so to speak, on issues that are irrelevant to the application. We as the committee on the incorporation of an insurance company fulfill role number one, which is to see whether or not the bill as it is presented, as drafted fulfills the legal requirements of the Insurance Act. That's really, you know, the purview of our role.

9:56

MRS. SLOAN: With due respect, Madam Chairman, I didn't hear anyone indicate that the questions were irrelevant. I didn't hear the petitioner or the superintendent say that. What I heard them particularly . . .

THE CHAIRMAN: Well, if I might, it's not really the petitioner's role or the superintendent's role to suggest that questions are irrelevant. It might be the chair's position to do that.

Anyway, Mr. Pham, you had a comment?

MR. PHAM: Thank you. I fully appreciate the comment made by the Member for Edmonton-Riverview. However, I would like to remind her that it is a nonpartisan committee, and I think most of the petitioners here are not even aware of which party we represent. I do not believe that any comment this morning was raised regarding the political party affiliation we have.

I think I have been a member of this committee for six years now, and sometimes we have to be very careful when we put a lot of questions to the petitioners that may not be relevant to the issue. Like the chairman established earlier in the process, we have a two-step process when it comes to insurance companies. A lot of your questions are just moot questions. They are valid questions that need to be asked but not by the committee. Those are the responsibility -- those questions should be asked by the superintendent when he reviews the business plan. As he indicated earlier, he doesn't have the information now because the business plan has not been submitted to him yet. They have to go through this step before they can have the information.

So I think, Madam Chairman, today make a good ruling that as a whole, as a committee, we have to create the impression that we are helping the petitioners rather than hindering them. We should give them every opportunity to present their case without asking them to do the impossible thing. When we asked the superintendent today to give us information he doesn't have and asked them to go to the expense of setting up the business plan and submit all this information when they don't even know if they've passed the first step or not, it's a little bit of an overburden on them.

I appreciate your sentiment regarding party affiliation, but let me assure you that when I sit on this committee, never once have I heard any suggestion or comment suggesting that we should vote one way or another based on the party issue. No. That is a serious comment.

MRS. BURGNER: Madam Chairman, I'm not going to belabour the point. I think your comments reflected my concerns. I would just add the one point, and that is the fact that when we open up questions to areas that are not within our purview, we open the door for us to be held accountable for those kinds of discussions. Clearly, the licensing component that the superintendent spoke to was where some of those questions are better directed. To think that this committee would have the ability to evaluate some of the detailed information that is part of the business plan, that's not what this committee is about. The superintendent has a role to fill in that.

I would never want to suggest that questions weren't appropriate. I do feel that when we ask questions that are not our responsibility, we take on a responsibility that we're not charged with, and that's a conflict for me. But I appreciate your comments. You have expressed my sentiments.

Thank you.

THE CHAIRMAN: All right. Mrs. Sloan.

MRS. SLOAN: Thanks, Madam Chairman. My understanding of my role here is to represent the citizens of this province. In that capacity I think there should be some breadth of tolerance to raise questions, not to in any way put petitioners through the wringer but to identify that there are some individuals on this side of the floor that have some synapsing occurring with respect to the role we play in these chairs. You know, I don't think the manner in which I asked the questions was at all confrontational. It is really to make the petitioner aware that we, some of us on this side, are aware of the role we play and are alive to the complexities of some of these applications and how they will apply to the citizens of this province. In terms of the citizens and their future interests it's my understanding that that is primarily the role that we play as members of this committee.

So I appreciate the dialogue on the topic this morning, and I'm

hopeful that there will be some greater degree of understanding and tolerance in the future for questions. Thank you.

THE CHAIRMAN: Well, I'd like to thank all members who have contributed to this discussion. I think it's a question of striking the right balance, to use the Premier's phrase, and I agree that a certain latitude in questioning is probably a good thing as long as we don't get too far off track. So I would just encourage all members to keep that in mind in the future and to conduct themselves in a professional manner as was suggested.

MRS. SOETAERT: Madam Chairman, I think it should be your call in that case so it doesn't look like we are a committee that's all over the map, that we're picking on each other. I think if the chair calls it, then it looks much more professional, rather than one member speaking against another in front of a committee. So I think if we leave that in your capable hands, that'll work.

THE CHAIRMAN: I appreciate that, and I tried to do that this morning. I don't know if you thought that I did, but I tried to do that.

If there's nothing further on that, then, and there's no other new business . . .

MR. ZWOZDESKY: I'll move to adjourn.

THE CHAIRMAN: All right. It's been moved we adjourn. All in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: All right.

[The committee adjourned at 10:03 a.m.]

