

8:38 a.m.

[Ms Graham in the chair]

THE CHAIRMAN: Well, good morning, everyone. I'd like to call this meeting of the Standing Committee on Private Bills to order.

If you would have reference to your agenda, item 2, we need to approve the form of the agenda. Unless there are any additions or omissions, I'll ask someone to move that the agenda be adopted. Mr. McFarland so moves. All in favour, say aye.

HON. MEMBERS: Aye.

THE CHAIRMAN: All opposed, say no. Motion carried.

We'll now move on to item 3 on the agenda, which is Approval of Committee Meeting Minutes of February 24, 1998. You all should have received that in the last couple of days. Unless there are any, again, errors or omissions, I'll entertain a motion to adopt those minutes. Mrs. Burgener so moves, that the minutes be adopted. All in favour, say aye.

HON. MEMBERS: Aye.

THE CHAIRMAN: All opposed, say no. Then this motion is carried.

Moving on, then, to the business of the day, as you know, we will be conducting two hearings this morning, the first one dealing with Pr. 2, Innovative Insurance Corporation Amendment Act, 1998, and Pr. 4, Millennium Insurance Corporation Act. In this regard you ought to have received, again in the last couple of days, material relating not only to these two private bills but to all of the private bills we'll be dealing with this session. In particular, I would refer you to the report of Parliamentary Counsel, which sets out a description of each of the private bills along with an analysis of the particular relief being sought.

This morning we are handing out a memo from the Provincial Treasurer with his comments in relation to the two private bills we will be dealing with this morning. You may want to have a look at that. As well, you will be receiving this morning copies of the actual bills, Pr. 2 and Pr. 4. The material for Pr. 2 is, as you would expect, under tab 2. In the materials there you will see sort of a chronological history of the background to Pr. 2 for your information as well as excerpts from the Insurance Act which are relevant to the two bills that we'll be dealing with this morning. So that will apply to both Pr. 2 and Pr. 4. That material is under tab 2. Under tab 4 we have, I believe, just the draft bill for Pr. 4, and you've now received the formal bill here this morning.

Before we call in the petitioners, the parties for each of these private bills, I would just bring to your attention that we must be mindful of our purpose here. For Pr. 2 an extension of the time limit to raise the capital is being sought, so really only questions that relate to that issue are in order, in my respectful opinion. I would caution you not to get too caught up in the history of this particular insurance company. It's there for your information. It's clear that this would be the fourth request for an extension of time, but that's really all that I think you need to be concerned about there. Of course, with respect to Pr. 4 our role as a committee is just to ensure that the basic formal requirements for the formation of an insurance company are met.

Are there any questions to this point? Well, that being the case, I'll now have Parliamentary Counsel call in the petitioners and the parties on Pr. 2.

[Messrs. Luckwell, Peterson, and Rodrigues were sworn in]

THE CHAIRMAN: Good morning, gentleman. Welcome to this meeting of the Standing Committee on Private Bills. My name is Marlene Graham, and I'm your chairman this morning. I'm going to have each of the members of the committee introduce themselves to you. This is an all-party committee, as you are probably aware. If we could start with Ms Paul, if you could introduce yourself.

MS PAUL: Pamela Paul, MLA for Edmonton-Castle Downs. Good morning.

MR. BONNER: Good morning. Bill Bonner, MLA, Edmonton-Glengarry.

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

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

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

MR. MARZ: I'm Richard Marz from Olds-Didsbury-Three Hills.

MR. McFARLAND: Barry McFarland from Little Bow.

MR. THURBER: Tom Thurber, Drayton Valley-Calmar.

MR. MAGNUS: Richard Magnus, Calgary-North Hill.

MR. HERARD: Denis Herard, Calgary-Egmont. Welcome.

MR. STRANG: Good morning. Ivan Strang, West Yellowhead.

MRS. TARCHUK: Good morning. Janis Tarchuk, Banff-Cochrane.

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

MR. CARDINAL: Last but not least, Mike Cardinal, Athabasca-Wabasca. Good morning.

THE CHAIRMAN: All right. Assisting us here this morning as our table officers are Mr. Rob Reynolds, Parliamentary Counsel, and Ms Florence Marston, our administrative assistant.

Now, before proceeding with the hearing, I just wish to place on the record the fact that Mr. Don Tannas, the Member for Highwood, has absented himself from the hearings this morning due to a potential conflict of interest.

I do believe that all of you are familiar with the procedure followed here for hearings on private bills, so I won't take a lot of time to go over that.

It's my understanding, then, that the relief that is being sought in this matter, the Innovative Insurance Corporation Amendment Act, 1998, being Pr. 2, is an extension of the time limit for applying for a licence under the Insurance Act. Would that be correct, Mr. Peterson?

MR. PETERSON: That's correct, Madam Chairman.

THE CHAIRMAN: All right. Well, with that, perhaps you would

like to explain to the committee, then, the details surrounding your application.

MR. PETERSON: All right. I've prepared a statement of facts which I think just sort of summarizes. I'm not sure whether everyone has one, but I think that probably is the best way to present what we would like to do.

The First Canadian Insurance Corporation Act was first assented to in June of 1992. Section 4(2) of that act stated that unless the corporation applied for a licence under the Insurance Act within two years after the commencement of the act, which would then be June 26, 1994, or within an extended period not exceeding one year as the Lieutenant Governor in Council may allow, the incorporation of the corporation would cease to be in force. By an order in council dated June 15, 1994, the time period referred to above was extended for one year, to June 26, 1995.

8:48

H.L. Burke Enterprises and David Luckwell acquired all of the interest of the original petitioners in September 1994. They arranged to change the name of the corporation to Innovative Insurance Corporation and were the petitioners in an act to amend the First Canadian Casualty Insurance Corporation Act, 1995, whereby the title of the act was changed to Innovative Insurance Corporation Act and section 4(2) was amended to extend the time for a period of two years, from June 26, '95 to June 26, '97. By an order in council in 1997 the period was extended for a further year, to June 26, 1998.

Howard Burke of H.L. Burke Enterprises and David Luckwell both have extensive experience in the insurance industry. David Luckwell has developed an idea for a new type of auto glass insurance, and this new business, under the name of Autoglas Maintenance Inc., has been operating successfully for approximately three years.

The petitioners have been working to raise the necessary capital, which is now in excess of \$3 million, and have a contact who has indicated an interest in providing a substantial amount of this required capital. The petitioners are concerned that the expiry date, which is June 26, '98, may arrive before all of these financial arrangements are in place to permit the corporation to apply for licence. Accordingly, the petitioners would like to obtain an extension of the time limit in section 4(2) of the act to ensure that they have sufficient time to complete the arrangements for the licensing of the corporation under the Insurance Act.

That is a summary of our position, Madam Chairman.

THE CHAIRMAN: All right. Thank you, Mr. Peterson. I neglected to place on the record that you are counsel for the petitioner, Mr. David Luckwell.

MR. PETERSON: Yes, for both the owners. H.L. Burke Enterprises Ltd. and David Luckwell are the two owners of the company.

THE CHAIRMAN: Thank you very much.

Mr. Luckwell, did you want to make a presentation to the committee?

MR. LUCKWELL: No. I think Mr. Peterson said basically everything. We think we might be there before the June date, but we've put quite a bit of time, as you can tell, into this, and we don't want to take a chance that it might go by the board if we run into a couple of snags in raising that amount of capital. Can run into a few snags here and there.

THE CHAIRMAN: All right. Well, we'll hear from Mr. Rodrigues, the superintendent of insurance, and then we'll entertain questions, if any, from the committee.

Any remarks, Mr. Rodrigues?

MR. RODRIGUES: We do not oppose the proposal here to extend the time for the company to apply for a licence. However, we would recommend one amendment to the act. The Innovative Insurance Corporation Act presently requires the company to have a minimum capital of \$1 million. When this act was originally passed, that was the requirement in the Insurance Act. The Insurance Act was amended in 1996 to increase the minimum capital requirement to \$3 million. We would therefore recommend that this Innovative Insurance Corporation Act also be amended to make the minimum capital requirement \$3 million so that it comes in line with the minimum requirements of the Insurance Act.

THE CHAIRMAN: Thank you, Mr. Rodrigues.

All right. Any questions, then, by committee members on this hearing? Yes, Mr. Herard.

MR. HERARD: Thank you. How do the petitioners feel about the amendment that was just recommended by the superintendent of insurance?

MR. PETERSON: Madam Chairman, our clients are fully aware of that amendment in 1996 to the Insurance Act, and even in our statement of facts we've indicated that that's what their target is. We have absolutely no objection to that amendment.

MR. HERARD: Thank you.

THE CHAIRMAN: Yes, Mr. Strang.

MR. STRANG: Thank you, Madam Chairman. To the petitioners, I guess the one question I have is: if you feel you're that close with the date being June 26, 1998, why do you feel you need two years? Wouldn't an extension of one year be sufficient?

MR. LUCKWELL: We're going for two. We're just trying to follow the same time frames that were in the original act. We never even thought of that.

MR. STRANG: Well, my only reasoning for it is that it is a fourth extension and being that you stated that you're just about there now. That's the only thing I was wondering about. That's my only question.

MR. LUCKWELL: Again, we never even considered going for a year. It just seemed that going through this process, if we had to go through it again within a year if in fact we weren't successful in meeting the capital – I guess our feeling is: what's the harm? That's just me off the cuff.

MR. STRANG: Okay. Thank you.

THE CHAIRMAN: Any other questions?

Mr. Marz.

MR. MARZ: Yes. I just have a question about the time frame. From June 26, 1992, the requirement was \$1 million that you were required to raise, and you were unable to do that in six years. Now the requirement would be \$3 million in the next two years,

if we extend it to that. How are you going to be successful in raising an extra \$2 million in two years if you were unable to do it in – what's changed, I guess I'm asking, to convince us that this will be completed in this two-year extension?

MR. PETERSON: Maybe if I could address that question now. Just by way of information, our clients, H.L. Burke and Luckwell, just acquired the interest in this company in 1994, so they've really only been working on it since 1994.

Perhaps if you have anything further to add?

MR. LUCKWELL: For us to think we will achieve it within the next two years, we are actively proceeding with it. When we first acquired the act in '94, we were spending most of our time starting up our new insurance product, the auto glass insurance program. Most of our direction and manpower has gone towards that. We've had that successfully operating for over three years. That's why we're proceeding now with this, to try and look after the insurance part of that product we've developed. So we are now focusing in on this more than we did when we initially picked up the interest in the charter.

MR. MARZ: Thank you.

THE CHAIRMAN: Any other questions?

Mr. Peterson, would you confirm whether there is any connection between the parties involved in Pr. 2 as compared to those in Pr. 4? I see the applicants on Pr. 4 at one time were, I guess, the original incorporating directors of the insurance company involved here.

MR. PETERSON: I'm not entirely familiar with Pr. 4.

MR. REYNOLDS: Sir, that's the next one being brought forward. If I may, Madam Chairman?

THE CHAIRMAN: Go ahead.

MR. REYNOLDS: That's the one being brought forward by Mr. Wheaton.

MR. PETERSON: Well, there's absolutely no connection. Our clients acquired from them in 1994 their total interest and have owned it exclusively since then and have absolutely no connection to this group.

THE CHAIRMAN: All right. Thank you.

Parliamentary Counsel has some questions.

MR. REYNOLDS: I just want to, for the purposes of clarification, cover a few points that we may have touched on. To the superintendent of insurance, just so that perhaps the committee is clear: there is nothing preventing this extension in the Insurance Act; that's correct?

MR. RODRIGUES: That's correct.

MR. REYNOLDS: Thank you.

Just for clarification once again, the capital requirement of \$3 million, the amendment to section 34 I believe, occurred after the Innovative Insurance Corporation was here last time. You were last here in 1995, so there has been no other opportunity to amend the bill to \$3 million. That's correct?

MR. RODRIGUES: That's correct.

8:58

MR. REYNOLDS: Just on the third point. The company is still in the incorporation phase. Perhaps it might benefit the committee members if you could just briefly run through the sort of function your office performs before a company actually gets licensed, which would be the next phase for the Innovative Insurance Corporation.

MR. RODRIGUES: Certainly. Before an insurance company is licensed, the promoters here would have to submit to us a business plan for a period of about five years, showing us how much insurance they propose to write – that is, premiums they will write over the next five years – what will be their strain on capital, whether there are going to be losses in the first few years and how they are going to provide for that. They will have to send us a copy of all the policy forms they propose to use and how they will market the product in the province of Alberta. More important, they will have to satisfy us that they've got the necessary capital in place, to a minimum of at least \$3 million, before that licence is granted. We would also do an investigation of the directors of the company to make sure they are suitable to be people involved with the running of an insurance company.

So once those prudential criteria are met, the company would be granted a licence. This process takes in some cases, from the time the application is made to the time the application is approved, up to about six months for review of plans, investigation of directors, and that type of investigation. So with this request for an extension, if they were to start now, it's unlikely the company would be licensed before June. In that context, the request for an exemption is okay with us, because we do not think they would be granted a licence by June if they were to apply for a licence now, given the amount of work that's required to be done.

THE CHAIRMAN: Thank you, Mr. Rodrigues.

Any questions arising out of that?

Ms Paul.

MS PAUL: Yes. Thank you, Madam Chairman. I was just curious. How many extensions can an insurance company come before this committee and ask for in total? Like, every two years can we, forever?

THE CHAIRMAN: As I understand it, there is no limit. Would that be correct, Mr. Rodrigues?

MR. RODRIGUES: In the act itself the act gives the ability to have a further extension by approval from the Lieutenant Government in Council. Once that extension is granted by the Lieutenant Governor in Council, it will require an amendment to the act through the Legislature to grant any further extensions. So it would be at the discretion of the Legislature how many extensions they would want to give in the circumstances.

THE CHAIRMAN: Okay. Thank you.

There being no further questions, I'd like to thank you gentlemen for your submissions here today. We will be deliberating as a committee on March 24 on this bill as well as the others that we are dealing with this session. We will notify you thereafter as to the decision of the committee, be it to proceed with the bill as presented or as amended or whether we decide not to have the bill proceed. So we will advise you thereafter. Of

course, this bill has received first reading in the Assembly to date, and if it does proceed, it will go through the normal stages of second reading, Committee of the Whole, third reading, and hopefully eventually to Royal Assent.

As an amendment has been suggested by the superintendent of insurance and you have agreed to that, I would suggest that perhaps you work with Parliamentary Counsel in drafting that amendment for our use.

Thank you very much.

MR. LUCKWELL: Thank you for your time.

[Messrs. Atkinson and Wheaton were sworn in]

THE CHAIRMAN: Good morning, gentlemen. We will now proceed with Bill Pr. 4, being the Millennium Insurance Corporation Act, which is sponsored by Mrs. Tarchuk. I'll just place on the record your names. We have Mr. Randall Atkinson as consultant to the petitioner this morning. Is that correct?

MR. ATKINSON: That's correct.

THE CHAIRMAN: Okay. And Mr. Donald Wheaton, one of the petitioners.

MR. WHEATON: That's correct.

THE CHAIRMAN: We have Mr. Rodrigues, superintendent of insurance, and Mr. Rodrigues, you confirm that you are still under oath?

MR. RODRIGUES: Yes, I am.

THE CHAIRMAN: Okay. Thank you.

It's my understanding, gentlemen, that the petition this morning is for the incorporation of a property and casualty insurance company.

MR. ATKINSON: That's correct.

THE CHAIRMAN: All right. I will then call on you, Mr. Atkinson, to make the presentation to the committee. [interjection] You probably heard us all introduce ourselves earlier, but just for your benefit I'll have all the members of the committee again introduce themselves, again starting with Ms. Paul.

MS PAUL: Pamela Paul, Edmonton-Castle Downs. Good morning.

MR. BONNER: Welcome. Bill Bonner, Edmonton-Glengarry.

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

MR. MacDONALD: Good morning, gentlemen. I'm Hugh MacDonald, Edmonton-Gold Bar.

MRS. BURGNER: Jocelyn Burgener, Calgary-Currie.

MR. MARZ: I'm Richard Marz from Olds-Didsbury-Three Hills.

MR. McFARLAND: Barry McFarland, Little Bow.

MR. THURBER: Tom Thurber, Drayton Valley-Calmar.

MS KRYCZKA: Karen Kryczka, Calgary-West.

MR. HERARD: Denis Herard, Calgary-Egmont.

MR. STRANG: Good morning. Ivan Strang, West Yellowhead.

MRS. TARCHUK: Good morning. Janis Tarchuk, Banff-Cochrane.

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

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

THE CHAIRMAN: I am your chairman, Marlene Graham. Assisting us, we have Parliamentary Counsel, Rob Reynolds, and administrative assistant, Florence Marston.

I'll place on the record once again the fact that Mr. Don Tannas, the Member for Highwood, has absented himself from the hearings this morning due to a potential conflict of interest.

So I think we're now ready to proceed. If you'd go ahead, Mr. Atkinson.

9:08

MR. ATKINSON: Good morning. The gentleman to my left, your right, is Donald A. Wheaton. He and his father, Donald H. Wheaton, are petitioning the House for a bill, being the Millennium Insurance Corporation Act.

Ten years ago approximately we were successful in petitioning for the First Canadian Insurance Corporation Act, which was a logical vertical integration of the automobile business which Mr. Wheaton is a significant participant in.

Just for your benefit, if you're not already aware, Mr. Wheaton and his father have a significant interest in 12 automobile franchises, General Motors franchises, across western Canada, including five or six in Alberta, along with other business activities that have been operated for the benefit of Albertans for about 40 years now; 30 years anyway.

The First Canadian Insurance Corporation Act led to a licensing by Alberta and other provinces across Canada which permits us to sell credit, life, and health insurance primarily through automobile retailers. We're very proud of the fact that that business has been very successful and has brought a significant amount of economic activity to Alberta.

Today we are asking for a similar piece of legislation, being the Millennium Insurance Corporation Act, because we would like to engage in a casualty business, and it is required that you have separate charters and separate licensing. You cannot use a life insurance company for the purposes that we have in mind. We like to think that we've had a very positive 10-year relationship with our regulator, sitting to my right.

I think basically that's everything that I'd like to put on the table for your consideration at this time.

Thank you very much.

THE CHAIRMAN: Thank you, Mr. Atkinson.

Mr. Wheaton, did you wish to add anything?

MR. WHEATON: I'd just like to perhaps repeat what Mr. Atkinson had mentioned, that we are currently licensed in the province of Alberta. We are extraprovincially licensed in all of the jurisdictions in Canada now and have been successfully running a life insurance company for approximately 10 years. So we've had that relationship with the regulatory authorities in

Alberta and all of the jurisdictions in Canada and have successfully been running the insurance company for some time. This act is just an extension of the life insurance business in that you have to have a separate casualty licence in order to write different types of insurance business. So that's primarily why we have this bill before you.

THE CHAIRMAN: Mr. Rodrigues, do you wish to make any comments?

MR. RODRIGUES: We've reviewed the proposed legislation. We have no objections to this proposal. I'd just point out that it is in fact required that if you operate two separate insurance companies, if you've got a life company, that life company cannot write what we call problem casualty business. So it's necessary for the incorporation of a separate company and the licensing of a separate company in order to do any other type of business other than the business of life insurance. We have no objections to the proposed bill.

THE CHAIRMAN: All right. Any questions from committee members? Mr. Reynolds, you would like to make some comments.

MR. REYNOLDS: Well, just for clarification, just a few points. Perhaps Mr. Rodrigues could advise the committee members about the requirements for incorporation, once again to complement your previous answer concerning licensing.

MR. RODRIGUES: As in the case of the previous submission, this company will also have to submit a business plan setting out what business they propose to write, the different types of insurance, how much premium income they propose to generate, and then it's for us to determine whether or not that business plan is feasible. We would also do the usual investigation of directors to determine their suitability to run an insurance company. On the satisfaction that the company will be properly capitalized – that is, a minimum capital of \$3 million – we will then be prepared to issue a licence if everything else checks out okay. But, again, that process takes quite a long time, three to four months, in some cases longer depending on the level of preparedness that the promoters are in.

MR. REYNOLDS: That's for incorporation. Just for the benefit of committee members, it's just basically an act that allows them to become incorporated; correct?

MR. RODRIGUES: Yeah. The act just allows them to be incorporated, but after that, they've got to go through a licensing process.

THE CHAIRMAN: Mr. Thurber.

MR. THURBER: Thanks, Madam Chairman. This seems like rather a cumbersome process that you have to go through to actually sell just a little different type of insurance. My question would be to the superintendent of insurance. Is there anything being done to simplify this process? You know, we bring these folks up here, and they have to go through a whole other process and have a special act in order just to amplify the type of insurance they're selling. It just seems strange to me.

MR. RODRIGUES: That's correct. We are proposing to change this process by proposing an amendment to the Insurance Act

whereby the incorporation will be by what we call letters patent, whereby the Lieutenant Governor in Council will give the certified incorporation of an insurance company as opposed to a special act of the Legislature. So that proposal will be coming before the House in a package of amendments to the Insurance Act. In the meantime, unfortunately, we do have to go through this process in order to incorporate an insurance company.

MR. THURBER: Okay. It just seems strange to me. The perception is that they have a good record in the insurance business. They're already in it and all the requirements are being met, yet they have to go through this type of a process. So thank you for that clarification.

THE CHAIRMAN: Yes, Mr. McFarland.

MR. MCFARLAND: Thanks, Madam Chairman. To Mr. Rodrigues and possibly the individuals here, it's a general question that I would have about the business plan. Would the business plan in a case such as Millennium here show whether or not the associated companies that the principals are also involved in backstopped, or are major shareholders in the new company being proposed? The reason I'm asking is that in the worse case scenario, if business hit a downslide and there were more claims or some liabilities, would it indicate that the other companies may be in jeopardy as well?

MR. RODRIGUES: When we review the business plan, we look at a few aspects of the proposed operations; that is, how much insurance they propose to write and which jurisdictions they're going to be going into. That business plan will give us an idea as to whether or not in the first five years this company is going to suffer financial loss, because we will look at the profits over the five-year period.

If there is going to be a period of substantial losses, we would then expect the company to give us information which would indicate where they will get that additional capital from. If they cannot identify a source of the funds to cover those losses, we would reject the business plan up front. For the purposes of our review we would want to be satisfied that this company is going to be well capitalized for at least the first five years before we grant them a licence. So we look at the projection of the performance of the company over that period of time to determine if they've got additional sources of money, if that's required. We'd also look at the financial background of the directors and shareholders of the company to make that they do have the resources if called upon.

Another important aspect we look at is the reinsurance that they carry, because the reinsurance will help that primary company to offset any sort of adverse claims experience where the reinsurance company will now step in and pick that up. So we look at the whole operation of the company, including how they reinsure their business to make sure this company is going to be viable for at least the first five years.

MR. WHEATON: Perhaps I could just add one other quick item. In addition to our company, being Millennium Insurance Company, at all times being required to maintain our capital base at or above \$3 million, there's also an industry-regulated body called CompCorp – I don't believe it's a mandatory requirement at this time, but my suspicion is that the regulators will encourage us to belong to it – that protects policyholders in the case of a failure of an insurance company. Actual policyholders can potentially go without claims being paid and so on in the case of a failure of either a life insurance company or a casualty licence company.

9:18

MR. ATKINSON: In effect all the assets of every insurance company belonging to CompCorp are at call should any member of CompCorp become financially embarrassed. So there's that as well as the obvious points in the act that Bernie has brought up.

MR. McFARLAND: Thank you.

MR. RODRIGUES: Mr. Wheaton indicated he wasn't sure whether or not it's mandatory. It is in fact mandatory. Participation in the compensation plan is mandatory by all insurers. So if the insurance company fails, this plan will be there to take care of the consumers of the plan up to a certain level. But that protection is there for all insurance companies doing business in the province of Alberta.

THE CHAIRMAN: I'm wondering, gentlemen – and maybe, Mr. Rodrigues, you want to address this – in the actual bill at sections 8 and 9 it may not be quite clear what is being referred to there, dealing with the application of the Companies Act in section 8 and the application of the Insurance Act in section 9. Perhaps you could clarify those provisions for the members of the committee.

MR. RODRIGUES: Yes. Section 8 of Bill Pr. 4 refers to the Companies Act. Parts of the Companies Act are still in force, and these parts relate to the dissolution of a company. If this company were to be dissolved, it would follow the provisions in the Companies Act, sections 65 to 71. So that's the reason for the reference here. Without this there would be no procedure to be followed for the dissolution of this insurance company if it were to be dissolved.

In section 9 there was a request for an exemption from section 136(8) of the Insurance Act. That section of the Insurance Act sets out a process for capitalizing the company; that is, it has to be a staged process. That process is one that we are going to be eliminating from the new Insurance Act, and it's one that will actually delay the formation of this company. We are not opposed to this exemption from section 136(8) of the Insurance Act, because what that will do is it will allow the shareholders of the company to inject all of the capital at one shot as opposed to over an extended period of time. Section 136(8) of the Insurance Act requires the capitalization to be done in a staged process, so they will not be able to put all the capital in at one time. By exempting the company from that provision, they'll be able to inject all of the capital at one shot.

THE CHAIRMAN: Thank you for that explanation.

Well, if there are no other questions from committee members and unless Parliamentary Counsel has any points to make, we will now conclude the hearing, then, on Bill Pr. 4. I thank you gentlemen for your presentation here today. We will be, as you

may have heard, deliberating as a committee on March 24, 1998, and we will advise you of our decision thereafter.

MR. ATKINSON: Thank you very much.

MR. WHEATON: Thank you.

THE CHAIRMAN: All right. Returning to the agenda then, is there any new business that anyone would like to raise? Yes, Mr. Marz.

MR. MARZ: I'm a little late in looking at this. Why would we be requiring Innovative under Pr. 2 to have \$3 million of capital stock and First Canadian only \$2 million of capital stock, item 3.

THE CHAIRMAN: I'm not sure that I follow you.

MR. MARZ: Well, I thought the new regulations required an insurance company to have \$3 million in capital stock to incorporate.

THE CHAIRMAN: Yes.

MR. MARZ: In item 3 on Pr. 4 it says that the capital stock of the company shall be \$2 million.

THE CHAIRMAN: Are you looking at this Bill Pr. 4 that was distributed this morning?

MR. MARZ: No. I'm looking at the one in the book.

THE CHAIRMAN: Okay. That is the draft.

MR. MARZ: Okay. I see the change in the new one. Thank you.

THE CHAIRMAN: Actually, mine says "3", so that might have been a typo of sorts. Anyway, you are quite correct. The minimum is \$3 million.

All right. Our next meeting, to deal with Pr. 1, is next Tuesday, same place, same time. It is March 17; is it not?

MRS. BURGNER: It's at 9 o'clock.

THE CHAIRMAN: Oh. It is at 9 o'clock in that we're only dealing with one petition at that time. So that's March 17 at 9 a.m.

As our business is now concluded for today and Mr. McFarland has moved that we adjourn, the meeting is adjourned.

[The committee adjourned at 9:24 a.m.]