



CLHIA OPENING REMARKS

To Standing Senate Committee on Banking, Trade and Commerce

Appearance on Bill C-45, *Jobs and Growth Act, 2012*

2012 November 07

Thank you, Mr. Chairman. I am Frank Zinatelli, Vice President and General Counsel of the Canadian Life and Health Insurance Association. I would like to thank the Committee very much for this opportunity to contribute to its review of Division 1, Part 4, of Bill C-45, *Jobs and Growth Act, 2012*.

With your permission, Chairman, I would like to make some very short introductory comments. The Canadian Life and Health Insurance Association represents life and health insurance companies accounting for 99% of the life and health insurance in force across Canada.

- The Canadian life and health insurance industry provides products which include individual and group life insurance, disability insurance, supplementary health insurance, individual and group annuities (including RRSPs, RRIFs, TFSAs) and pensions.

- The industry protects almost 27 million Canadians and over 45 million people internationally.
- The industry
 - makes benefit payments to Canadians of \$64 billion a year.
 - has more than \$570 billion invested in Canada's economy; and
 - provides employment to about 139,000 Canadians.
- Life and health insurers are regulated at the federal level under the Insurance Companies Act and are also subject to the rules and regulations that are set out in provincial Insurance Acts.

Mr. Chairman, we welcome this opportunity to appear before the Committee as it seeks to develop its report to Parliament. The industry is supportive of the provisions contained in Division 1, Part 4, of the Bill. Let me comment briefly on these.

Division 1, Part 4, is a follow-up to amendments made in this spring's Budget Implementation Act (formerly Bill C-38) to federal financial services legislation, including the Insurance Companies Act. Those previous amendments allow public sector investment pools that satisfy certain criteria, such as pursuing commercial objectives, to invest directly in a Canadian financial institution,

subject to the approval of the Minister of Finance. In considering such an approval, the Minister may take into consideration a full range of statutory criteria, including the best interests of the Canadian financial system. As indicated by Finance officials when they appeared before this Committee on May 16, 2012, public-sector investment pools are already allowed to invest in other sectors of the Canadian economy and many other countries allow such pools to invest in financial institutions. The effect of the Bill C-38 amendments is to level the playing field for Canadian financial institutions and to provide them with additional potential sources when raising capital.

Moving now to the Bill C-45 amendments, these would provide further details to those earlier amendments, particularly regarding the approval process for permitted investments by public sector investment pools. For example,

- the application for approval must be made jointly by the financial institution and the investment pool
- the powers of the Minister are outlined in the event that the financial institution or the investment pool fails to comply with any undertaking.

The amendments in Division 1, Part 4, of Bill C-45 would create greater internal consistency with other provisions of the financial services legislation and provide that the approval process for permitted investments by public sector investment pools is robust. The amendments are of a clarifying technical nature, they are important, and the life and health insurance industry is supportive of them.

The industry appreciates this opportunity to participate in the Committee's review of Bill C-45. I would be pleased to answer any questions that you may have.

Thank you.