CANADA

Annual Report

CANADA DEPOSIT INSURANCE CORPORATION

Year Ending December 31,

1974

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CANADA DEPOSIT INSURANCE CORPORATION

March 26, 1975

Honourable JOHN N. TURNER, P.C., M.P.
Minister of Finance
House of Commons,
Ottawa, Ontario.

Dear Mr. Turner;

I have the honour to submit to you the Annual Report of the Canada Deposit Insurance Corporation for the fiscal year ended December 31, 1974.

Yours very truly,
GÉRARD GINGRAS
Chairman

ANNUAL REPORT

For the year ended December 31, 1974 the income of the Corporation was $5,263,455 and the operating expense was $231,150 as shown in the financial statements. A net amount of $5,032,305 was credited to the Accumulated Net Earnings for the year. A dividend of $681,250, declared in accordance with Section 36 of the Act in February 1974, was paid to the Government of Canada out of the Accumulated Net Earnings. Subsequent to the year end a dividend of $712,500 was similarly declared.

The Deposit Insurance Fund and Accumulated Net Earnings totalled $85,717,409 representing an increase of $18,739,088 over the previous year.

The deposits with member institutions insured by the Corporation totalled $42,903 million as at April 30, 1974 which comprised $38,362 million in federal institutions and $4,541 million in provincial institutions. Premiums payable by member institutions for the year totalled approximately $13.4 million. Premiums received together with the initial capital of the Corporation in the amount of $10 million and net income, have been invested in securities of the Government of Canada and in loans to member institutions or used to acquire assets from member institutions.

In February 1975, the Board of Directors again authorized a reduction, for the forthcoming premium year, in the premium payable by member institutions to the minimum provided for in Section 19 of the Act.

The Commonwealth Trust Company, a Company incorporated in the Province of British Columbia, was placed in Liquidation effective January 1, 1970 and the Corporation was called upon to make payment of the insured deposits under the terms of the Policy of Deposit Insurance with the Company. To fulfill its obligation, the Corporation arranged with the Yorkshire Trust Company to take over the administration of the insured deposits and, in accordance with paragraph 14(4)(a) of the Act made available to the insured depositors a deposit with the Yorkshire Trust Company. By such action the Corporation acquired all the rights and interests of the depositors as against the Commonwealth Trust Company and, as a result, the Corporation had a claim against the Company of approximately $5.4 million. A provision for loss on the claim in the amount of $2 million had been made in previous years but based on realizations of $3.9 million during the year and current expected realizations, the provision for loss on the claim has been reduced to $1 million and the remaining claim against the Company re-established at $491,153. (See Note #2)

The Security Trust Company Limited, a member institution, went into receivership in 1968. The Corporation provided the funds necessary to meet the claims of the depositors for so much of each deposit that was insured and, by agreement, the Province of Alberta was to reimburse the Corporation in full with interest. The outstanding sum at December 31, 1974 was paid by the Province to the Corporation thereby releasing, in favour of the Province, the Corporation's claim to the remaining assets of The Security Trust Company Limited. (See Note #1).

Under the terms of the Act and on behalf of the Corporation, the Superintendent of Insurance examined the affairs of the federally incorporated Trust Companies and Loan Companies, numbering twenty-nine (29) and, the Inspector General of Banks examined the affairs of the Banks, numbering eleven (11). Provincial institutions numbering forty (40) were examined, on behalf of the Corporation, by persons designated by the Corporation for that purpose.

CANADA DEPOSIT INSURANCE CORPORATION

(Established by the Canada Deposit Insurance Corporation Act)

Balance Sheet as at December 31, 1974

(with comparative figures as at December 31, 1973)

Assets	1974	1973
Cash and Short Term deposits	$ 148,958	$ 1,113,305
Premiums and other receivables	5,372,988	3,487,463
Payments to depositors guaranteed by Province (Note 1)	10,316,144	9,609,483
Claims re insured deposit payments less provision for loss of $1,000,000 in 1974; $2,000,000 in 1973. (Note 2)	491,153	3,432,971
Investments at amortized cost:		
Canada bonds and treasury bills, (par value, $73,069,000 market value $73,392,554)	72,878,736	52,286,619
Acquired from member institutions –		
Canada bonds	658,572	908,477
Bonds of, or guaranteed by, Provinces	1,215,327	1,336,079
Bonds of Municipalities	96,321	137,194
Other bonds or debentures	883,324	904 809
(market value, $2,230,700)	2,853,544	3,286,559
Mortgages	3,717,266	3,821,700
	79,449,546	59,394,878
	$95,778,789	$77,038,100

Liabilities	1974	1973
Accounts payable	$ 61,380	$ 59,779
Capital Stock:		
Authorized, issued and fully paid– Ten shares of $1,000,000 each	10,000,000	10,000,000
Deposit Insurance Fund:		
Balance as at January 1	56,217,942	47,016,572
Premium income for the year	13,388,033	9,201,370
Balance as at December 31	69,605,975	56,217,942
Accumulated Net Earnings:		
Balance as at January 1	10,760,379	7,464,268
Reduction of provision for loss on claims (Note 2)	1,000,000	
Net income for the year per Statement of Income and Expense	5,032,305	3,858,611
	16,792,684	11,322,879
Dividend	681,250	562,500
Balance as at December 31	16,111,434	10,760,379
	85,717,409	66,978,321
	$95,778,789	$77,038,100

The accompanying notes are an integral part of the financial statements.

Certified correct: T.J. DAVIS, *Secretary-Treasurer*

Approved on behalf of the Board of Directors:
GÉRARD GINGRAS, *Chairman* R. HUMPHRYS, *Director*

I have examined the above balance sheet and the related statement of income and expense and have reported thereon under date of February 24, 1975 to the Minister of Finance.

J.J. MACDONELL
Auditor General of Canada

CANADA DEPOSIT INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. During the year $152,244 was paid to persons having deposits that were insured by the Corporation with a member institution. As a result, payments to depositors of this institution as at December 31, 1974 guaranteed by a Province, totalled $10,316,144 which includes accrued interest of $1,388,172. The full amount was paid under the guarantee on January 2, 1975 thereby releasing the Corporation's claim against the assest of the member institution.
2. In 1970 under the provisions of section 13 of the Canada Deposit Insurance Corporation Act, the Corporation, by paying $5,432,971, acquired all the rights and interest of the depositors as against a member institution which is in receivership. A loss on the realization of this asset is anticipated against which a provision of $1,500,000 was made in 1970 and a further provision of $500,000 was made in 1971. Based on realizations and current expected realizations, the accumulated provision for loss has been reduced from $2,000,000 in 1973 to $1,000,000.
3. Deposits insured by the Corporation, based on returns made by member institutions during 1974, totalled $42,903 million, comprising deposits of $38,362 million in federal institutions and $4,541 million in provincial institutions. Of the deposits insured in provincial institutions $325.4 million was covered by a temporary indemnity agreement with the Province concerned.
4. The Corporation is designated a proprietary corporation in the Financial Administration Act and accordingly is subject to income tax. However, no provision for income tax has been made in the accounts as at December 31, 1974 as the Governor in Council has granted remission under section 17 of the Financial Administration Act, of any income tax payable by the Corporation.
5. The Corporation has five directors and two officers, one of whom is also a director. The directors receive no remuneration. Remuneration of officers as officers was $48,000.

CANADA DEPOSIT INSURANCE CORPORATION

Statement of Income and Expense for the year ended December 31, 1974
(with comparative figures for the year ended December 31, 1973)

	1974	1973
Income —		
Return on investments	$4,709,038	$3,582,654
Interest on loans and advances	554,417	489,510
	5,263,455	4,072,164
Expense —		
Inspection fees and expenses:		
Department of Insurance	81,880	71,964
Other	15,050	11,900
	96,930	83,864
Salaries and employee benefits	97,018	80,703
Mortgage administration fees	21,297	26,064
Rent	8,500	8,500
All other expenses	7,405	14,422
	231,150	213,553
Net Income (Note 4)	$5,032,305	$3,858,611

The accompanying notes are an integral part of the financial statements.

AUDITOR GENERAL OF CANADA

Ottawa, February 24, 1975

The Honourable JOHN N. TURNER, P.C., Q.C., M.P.,
Minister of Finance,
Ottawa.

Sir,

I have examined the balance sheet of Canada Deposit Insurance Corporation as at December 31, 1974 and the statement of income and expense for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements give a true and fair view of the financial position of the Corporation as at December 31, 1974 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within the statutory powers of the Corporation.

Yours faithfully,
J.J. MACDONELL
Auditor General of Canada.

BOARD OF DIRECTORS

The terms of the Act provide that the Board shall consist of five directors, one of whom is Chairman. The Chairman is appointed by Governor in Council and the other four members are to be the persons holding the respective offices of the Governor of the Bank of Canada, the Deputy Minister of Finance, the Superintendent of Insurance and the Inspector General of Banks.

Members of the Board of Directors as of December 31, 1974 are:

Messrs. Gérard Gingras, *Chairman*
G.K. Bouey, *Director*
S.S. Reisman, *Director*
R. Humphrys, *Director*
C.L. Read, *Director*

Mr. T.J. Davis is the Secretary-Treasurer of the Corporation.

MEMBER INSTITUTIONS — FEDERAL

The deposits with federal institutions that were carrying on business at the time the Act came into force on April 17th, 1967 were insured from that date. Deposits made with federal institutions that are licensed under the Trust Companies Act or the Loan Companies Act after April 17th, 1967 are insured from the date the institutions commence business.

As at December 31, 1973 forty (40) federal institutions were members of the Corporation. During the year 1974 the Eaton Trust Company commenced business and therefore, being federally incorporated, automatically became a member institution. Also, during the year The Central Trust Company of Canada and the Nova Scotia Trust Company amalgamated to become the Central & Nova Scotia Trust Company.

The forty (40) federal member institutions at December 31, 1974, of which eleven (11) are Banks and twenty-nine (29) are Loan or Trust Companies are:

BANKS

Bank of Montreal
The Bank of Nova Scotia
The Toronto Dominion Bank
The Provincial Bank of Canada
Canadian Imperial Bank of Commerce
The Royal Bank of Canada
Bank Canadian National
The Mercantile Bank of Canada
Bank of British Columbia
Unity Bank of Canada
The Montreal City and District Savings Bank

LOAN AND TRUST COMPANIES

BNS Mortgage Corporation
Canada Permanent Mortgage Corporation
Canada Permanent Trust Company
The Canada Trust Company
Central & Nova Scotia Trust Company
Co-Operative Trust Company Limited
Eaton Trust Company
The Eastern Canada Savings and Loan Company
The Equitable Trust Company
Evangeline Savings and Mortgage Company
Fidelity Mortgage & Savings Corporation
The Fidelity Trust Company
General Mortgage Corporation of Canada
Granville Savings and Mortgage Corporation
Greymac Mortgage Corporation
Guaranty Trust Company of Canada
The Huron and Erie Mortgage Corporation
Income Trust Company
International Savings & Mortgage Corporation
Investors Trust Company
Kinross Mortgage Corporation
League Savings & Mortgage Company
Morguard Trust Company
Nelcon Trust Company
Nova Scotia Savings & Loan Company
The Premier Trust Company
Settlers Savings and Mortgage Corporation
Standard Trust Company
The Sterling Trusts Corporation

MEMBER INSTITUTIONS — PROVINCIAL

A provincial institution may become a member of the Corporation if it is authorized by the province of its incorporation to apply for deposit insurance and, if it agrees not to exercise powers substantially different from the powers exercisable by a federal trust or loan company as the case may be.

Prior to coming into force of the Canada Deposit Insurance Corporation Act, the Province of Ontario had instituted a deposit insurance plan of its own covering all the Loan Companies and Trust Companies in the Province. This plan, which came into effect on February 10, 1967, was similar to the plan instituted by the Canada Deposit Insurance Corporation Act. After the Canada Deposit Insurance Corporation Act came into effect, the Ontario plan was suspended and all the Ontario companies concerned were subsequently accepted as members of the Corporation effective April 29, 1967.

An Indemnity Agreement between the Corporation and the Province of Alberta applicable to five companies incorporated under the legislation of that Province is still in effect.

During 1967, the Province of Quebec adopted legislation to establish a plan of deposit insurance applicable to all institutions that accept deposits in that Province. The plan guarantees not only deposits within the Province, but also provides for the guarantee of deposits accepted outside Quebec by institutions incorporated in Quebec. In order to avoid duplication of insurance and to meet the desires of Provinces where such deposits are located, an agreement was reached between the Federal Government and the Government of Quebec providing as follows:

1. The Canada Deposit Insurance Corporation will insure deposits outside Quebec accepted by institutions incorporated in Quebec;
2. the Quebec Deposit Insurance Board will guarantee deposits in Quebec accepted by institutions incorporated in Quebec or in other Provinces. Where the Canada Deposit Insurance Corporation is insuring deposits accepted in Quebec by institutions in other Provinces, it will terminate its insurance of those deposits on application by the institution with the concurrence of the Province of incorporation;
3. the Canada Deposit Insurance Corporation will continue to insure deposits accepted by Federally incorporated institutions, whether accepted in Quebec or elsewhere in Canada, and Quebec will refrain from leveying any charge for deposit insurance on such institutions.
4. the Canada Deposit Insurance Corporation is empowered to make short term secured loans to the Quebec Deposit Insurance Board to enable it to meet emergency liquidity needs in connection with its insurance operations.

In order to implement the above understanding the required amendments to the Canada Deposit Insurance Corporation Act came into effect on March 27, 1968, and on December 23, 1968 an Agreement between the Corporation and the Quebec Deposit Insurance Board was executed.

The Corporation is insuring the deposits located outside the Province of Quebec accepted by the following institutions incorporated in that Province:- Credit Foncier Franco-Canadien, General Trust of Canada, International Trust Company, Montreal Trust Company, RoyMor Ltd., The Royal Trust Company and The Royal Trust Company Mortgage Corporation.

The Quebec Deposit Insurance Board is providing the guarantee for the deposits located in Quebec accepted by the Crown Trust Company, Federal Trust Company, The Metropolitan Trust Company, National Trust Company, Tordom Corporation and United Trust Company. These Companies are all incorporated

under Province of Ontario Legislation. In addition, the Quebec Deposit Insurance Board is providing the guarantee for the deposits located in the Province accepted by the Farmers & Merchants Trust Company, a company incorporated under the Legislation of the Province of Alberta. All these companies are members of the Canada Deposit Insurance Corporation.

During the year, the County Savings and Loan Corporation and the Federal Trust & Savings Company amalgamated, the continuing company being the Federal Trust Company.

At December 31, 1973, forty-one (41) provincially incorporated loan companies and trust companies were members of the Corporation. Because of the amalgamation of the two companies during the year the number of member institutions in this category was reduced to forty (40).

The Provincial member institutions at December 31, 1974 are:

LOAN AND TRUST COMPANIES

The Acadia Trust Company
Atlantic Trust Company
Canadian First Mortgage Corporation
The Canborough Corporation
City Savings & Trust Company
Commonwealth Trust Company
Continental Estates Corporation Ltd.
Credit Foncier Franco-Canadien
Crown Trust Company
District Trust Company
The Dominion Trust Company
Farmers & Merchants Trust Co. Ltd.
Federal Trust Company
Fort Garry Trust Company
General Trust of Canada
Hamilton Trust & Savings Corporation
Heritage Savings & Trust Company
The Industrial Mortgage and Trust Company
Inland Trust and Savings Corporation Ltd
International Trust Company
The Lambton Loan and Investment Company
Landmark Savings and Loan Association
The Lincoln Trust and Savings Company
The Metropolitan Trust Company
Montreal Trust Company
The Municipal Savings & Loan Corporation
National Trust Company Limited
Nipissing Mortgage Corporation
Norfolk and Retailers Trust & Savings Company
North West Trust Company
Ontario Trust Company
Principal Savings and Trust Company
The Royal Trust Company
The Royal Trust Company Mortgage Corporation
RoyMor Limited
The Security Trust Company Limited
Tordom Corporation
United Trust Company
Victoria and Grey Trust Company
Yorkshire Trust Company

LEGISLATION

The Canada Deposit Insurance Corporation Act received Royal Assent on February 17th, 1967 and came into force by proclamation on April 17th, 1967. An Act to amend the Canada Deposit Insurance Corporation Act received Royal Assent on March 27th, 1968.

The prime purpose of the Act is to provide, for the benefit of persons having deposits with member institutions, deposit insurance against the loss of part or all of such deposits.

The Act gives the Corporation power to adopt by-laws, subject to the approval of the Governor in Council, regulating the conduct and general affairs of the Corporation. By-Law No. 1 (General) was approved by the Governor in Council on March 30th, 1967 and published in Part II of the Canada Gazette on April 12th, 1967. An amendment to this By-Law was approved by Governor in Council on May 26th, 1967 and published in Part II of the Canada Gazette on June 14th, 1967. Two further amendments to the By-Law were approved by Governor in Council on February 1st and February 15th, 1968 and were published in Part II of the Canada Gazette on February 14th and February 28th, 1968 respectively.

Under the provision of the Investment Companies Act, the Corporation is empowered to make short term loans, as a lender of last resort, to Canadian

controlled Sales Finance Companies. Also, under the provisions of the Cooperative Credit Associations Act, the Corporation is empowered to make short term loans, for liquidity purposes, to cooperative credit societies and to provincially created corporations that provide, or administer, stabilization or liquidity funds for the benefit of Credit Unions and their members. The aforementioned functions are entirely separate from those performed by the Corporation under its Act of incorporation. The Corporation is not insuring the debt instruments of the sales finance companies or the deposits and debt instruments of the cooperative credit societies. The loans may be made only for the purpose of meeting short term requirements for liquid funds and the source of funds for the Corporation to make these loans would be borrowings from the Consolidated Revenue Fund.

DEFINITION OF DEPOSIT

For the purpose of the Act and the By-Laws of the Corporation a deposit has been defined in Section 2(1)(a) of By-Law No. 1 (General) as undernoted:

> " 'deposit' means the unpaid balances of the aggregate of moneys received or held by a federal or provincial institution within the meaning of the Act, from or on behalf of a person in the usual course of business, and for which the institution
>
> (i) has given, or is obligated to give, credit to such person's account, or
>
> (ii) has issued, or is obligated to issue, a receipt, certificate, debenture other than a debenture issued by a chartered bank, transferable instrument, draft, certified draft or cheque, traveller's cheque, prepaid letter of credit, money order or other instrument in respect of which the institution is primarily liable,
>
> if the institution is obligated to repay the moneys
>
> (iii) on a fixed date,
>
> (iv) on demand by the depositor, or
>
> (v) within a specified period of time following demand by the depositor,
>
> and includes any interest accrued or payable to the person, but does not include moneys received or held by the institution where the date of deposit is on or after April 17, 1967 unless the institution is obligated or may by demand of the depositor become obligated to repay the moneys within five years from such date of deposit or on a date five years after such date of deposit."

The By-Law also provides that where a member institution is obligated to repay moneys to a depositor who acts as trustee for, or as joint owner with, another person and the trusteeship or joint ownership is disclosed on the records of the institution, the deposit of such trustee or joint owner shall, for purposes of deposit insurance be deemed to be separate from any deposit of the trustee or joint owner acting in his own right or in another trust or joint capacity.

Similarly, under such circumstances, the interest of a beneficiary in a deposit of a depositor who is acting as trustee for that beneficiary shall be deemed to be a deposit separate from any deposit of such beneficiary in his own right or as a beneficiary in any other trust deposit.

When the Canada Deposit Insurance Corporation Act was amended on March 27, 1968, one of the provisions of the amending Act specified that the power of the Board of Directors' to define the expression 'deposit', as set out in Section 12 of the Act, would terminate one year from the date the amending Act came into force. Accordingly that power terminated on March 27, 1969 and any change in the definition of 'deposit' can now be made only by Legislation.

PRINCIPAL PROVISIONS OF THE ACT

The principal provisions of the Canada Deposit Insurance Corporation Act, and to which reference is made in this report, may be described as follows:

Relevant Section

9. For the purpose of this Act, the following are federal institutions:
   (a) a bank
   (b) a company incorporated by or pursuant to an Act of the Parliament of Canada that accepts deposits from the public and to which the Trust Companies Act or the Loan Companies Act applies.

10. For the purposes of this Act, a provincial institution is an incorporated company that carries on, under a provincial Act or a constating instrument under provincial jurisdiction, the business of a trust company within the meaning of the Trust Companies Act or the business of a loan company within the meaning of the Loan Companies Act, or both such businesses, and that accepts deposits from the public.

11. The Corporation may do all things necessary or incidental to the objects of the Corporation and in particular may acquire assets from a member institution, make loans or advances to a member institution and take security therefor and guarantee loans to or deposits with a member institution, for the purpose of reducing a risk to the Corporation or reducing or averting a threatened loss to the Corporation.

13. (1) The Corporation is required to insure each deposit with a member institution except
   (a) a deposit that is not payable in Canada or in Canadian currency;
   (b) a deposit in respect of which Her Majesty in right of Canada would be a preferred claimant; and
   (c) so much of any one deposit as exceeds twenty thousand dollars.

   (2) Where a person has deposits with two or more member institutions that amalgamate and continue in operation as one member institution, a deposit of that person with an amalgamating institution on the day the amalgamated institution is formed, less any withdrawals from such deposit, shall, for the purpose of deposit insurance with the Corporation be deemed to be and continue to be separate from any deposit of such person on that day with the other amalgamating institution or institutions that become part of the amalgamated institution.

   (3) For the purpose of deposit insurance with the Corporation, where a member institution, pursuant to a plan or arrangement acquires the undertakings and assets of another member institution, those member institutions shall be deemed to be amalgamating institutions and subsection (2) shall apply where a person has deposits with both such institutions.

   (4) Where the Corporation is obliged to make payment in respect to any deposit insured by deposit insurance, the Corporation as soon as possible after the obligation arises shall, in respect of such deposit, make payment to such person as appears entitled thereto by the records of the member institution with which the deposit was made,
   (a) by making available to such person a transferred deposit with another member institution for so much of his deposit as is insured by the Corporation; or
   (b) by paying such person an amount in money equal to so much of his deposit as is insured by the Corporation.

   (6) Where the Corporation makes a payment under this Section in respect of any deposit with a member institution, the Corporation is subrogated, for so

much of that deposit as is insured by the Corporation, to all rights and interest of the depositor as against that member institution.

14. (1) The deposits with a federal institution that was carrying on business on the day that the Act came into force were insured by the Corporation from and after that day.

(2) The deposits with a federal institution that commences business after the Act came into force are insured the day the institution commences business.

16. On application, the Corporation insures the deposits of the provincial institution if;

(a) the provincial institution is authorized by the province of its incorporation to apply for deposit insurance.

(b) the provincial institution agrees, in carrying on its business, not to exercise powers substantially different from the powers exercised by a trust company under the Trust Companies Act and a loan company under the Loan Companies Act.

(c) the Corporation approves the provincial institution for a policy of deposit insurance.

19. (1) "Premium year" means, in relation to the calculation and payment of premiums pursuant to the Act, the period beginning the first day of May in one year and ending on and including the 30th day of April in the next year.

(2) The Corporation is required to assess and collect from each member institution an annual premium equal to the greater of

(a) five hundred dollars, or

(b) one thirtieth of one per cent of the total amount of such deposits as are deposited with the member institution as of the 30th day of April in that year and insured by the Corporation.

(6) The premium payable by a member institution in respect of the premium year in which it becomes a member institution shall be the same proportion of the greater of

(a) five hundred dollars, or

(b) one thirtieth of one per cent of the total amount of such deposits with that member institution and insured by the Corporation, as of the end of the month in which it becomes a member institution,

as the number of days in which any of the deposits with that member institution are insured by the Corporation in that premium year is of 365.

(8) Where, in the opinion of the Corporation, the Deposit Insurance Fund at the end of a financial year of the Corporation is adequate having regard to all the circumstances, the Corporation may reduce the premiums to be paid by member institutions in the next premium year but a reduced premium shall not be less than the greater of

(a) five hundred dollars, or

(b) an amount that together with the aggregate of the amounts previously paid by the member institutions by way of premiums, would equal one-sixth of one per cent of such deposits as are deposited with the member institutions as of the 30th day of April in that year and are insured by the Corporation.

31. (1) Where under the law of any province the government of that province or an agent of the government of that province guarantees or insures any of the deposits with a provincial institution operating within that province, the Corporation, subject to any agreement entered into under sub-section (2) may, in respect of that provincial institution,

(a) insure some or all of the deposits with the provincial institution, or

(b) alter an existing policy of deposit insurance issued by the Corporation to the provincial institution, to exclude from the policy of deposit insurance any of the deposits with the provincial institution.

(2) The Corporation may, with the approval of the Government in Council enter into an agreement with the government of a province or an agent of the government of a province referred to in subsection (1), to provide for reciprocal arrangements relating to the administration or operation of the law of that province and of this Act.

39. (1) The Corporation may employ such officers, agents and employees as are necessary for the purposes of the Corporation and is empowered, subject to the approval of the Minister of Finance, to make use of the personnel, facilities and services of the Department of Insurance and the Department of Finance.