

holders at the average net rate of interest earned in the preceding year or other period under consideration upon the mean invested funds of the company, such shareholders to be however charged with a fair proportion of all losses incurred upon investments or other losses of a similar character.

186. In the case of life companies, whenever any holder of a policy other than a term or natural premium policy has paid three or more annual premiums thereon or their equivalent half-yearly or quarterly premiums and fails to pay any further premium or desires to surrender the policy, the premiums paid shall not be forfeited, but he shall be entitled to receive a paid-up and commuted policy for such sum as the directors ascertain and determine, or to be paid in cash such sum as the directors fix as the surrender value of the policy; such sum in either case to be ascertained upon principles to be adopted by by-law applicable generally to all such cases as occur, or extended insurance under the policy for a period proportionate to such cash surrender value.

2. The sums so ascertained and the duration for which insurance may be extended, based upon the assumption that the policy is not subject to any lien by way of loan or otherwise, shall be inserted in the policy and form a part of the contract between the company and the insured.

3. In the event of the policy being subject to any such lien when default is made in payment of a premium as aforesaid, such lien shall be taken into account in fixing the cash surrender value and the paid-up or commuted policy herein referred to.

4. Until the policyholder elects to accept such cash surrender value or such paid-up or commuted policy, such cash surrender value shall be applied by the company to maintain the policy in force at its full face value until the whole of the surrender value under the policy is exhausted.

PART VI.

PENALTIES FOR OFFENCES NOT OTHERWISE PROVIDED FOR.

187. Any company which, or person who, does, causes or permits to be done any matter, act or thing contrary to any provision of this Act, or to the orders or directions of the Governor in Council, or of the Minister, or of the Superintendent, made under this Act, or omits to do any matter, act or thing by this Act required to be done by or on the part of such company or person, shall, if no other penalty for such act or omission is provided in this Act, be liable for each such offence to a penalty of not less than twenty dollars and not more than five thousand dollars in the discretion of the court before which such penalty is recoverable.

2. Such company or person shall also, in addition to such penalty, be liable to any person injured by such matter, act or thing, or by such omission, for all damages sustained thereby.

3. All such penalties shall be recoverable and enforceable, with costs at the suit of His Majesty, instituted by the Attorney General of Canada, and shall when recovered be applied towards payment of the expenses of the Department.

PART VII.—REPEAL.

188. *The Insurance Act*, chapter 34 of *The Revised Statutes*, 1906, except sections 49, 51, 52 and 71

thereof is hereby repealed on the day of the passing of this Act.

2. The said sections 49, 51, 52 and 71 are hereby repealed on the first day of January, 1911.

3. All other Acts and parts of Acts passed by the Parliament of Canada which relate to companies within the legislative power of the said Parliament, and are inconsistent with the provisions of this Act, are hereby repealed on the day of the passing of this Act, except such as relate specifically to the following corporations, namely:—

The Supreme Court of the Independent Order of Foresters;

The Grand Council of the Catholic Mutual Benefit Association of Canada;

The Canadian Order of the Woodmen of the World.

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