

THE INSURANCE ACT, 1917.

The Insurance Act, 1917, is now law, and the Act of 1910 has been repealed. The leading features of the new legislation have been noted in THE CHRONICLE as the legislation has passed through its various stages, and for convenience of reference, we now place in one summary, based upon a memorandum issued by the Superintendent of Insurance, the material changes which have been made in the old law. The new Act, it should be noted, does not apply to provincially incorporated companies, except those which voluntarily obtain a Dominion license. But a Dominion license, and compliance with the provisions of the new Act, are mandatory upon all British and foreign companies carrying on business in Canada, even if in only one province.

Section 2.—The definitions of "company" and "Canadian company" have been re-drafted to exclude the provincially-incorporated company. The definitions of "provincial company," "British company," and "foreign company" respectively are new.

The definition of "explosion insurance" is enlarged to include bombardment and war risk insurance.

Section 4.—Sub-sections (1) and (2) state explicitly the competency of the Minister of Finance to issue licenses and the effect of the authority of licenses so issued. These are new. Sub-section (3) specifically authorises the issue of licenses to inter-insurance associations.

Section 7.—A new sub-section (3) says:—"The validity of any license purported to be issued by the Minister under this Act shall not be called in question on behalf or at the instance of any person other than the Minister."

Section 8.—Sub-section (1) has been amended to permit of the payment of total and permanent disability benefits under life insurance policies without reducing the amount which may be paid as main benefits.

Sub-sections (2) and (3) give a new classification of the varieties of insurance for which licenses may be granted.

TO MEET SPECIAL CASES.

Sections 9 and 10.—These sections are amended by leaving to the discretion of the Treasury Board the conditions under which companies with wide charter powers may be deemed eligible for licenses under the Act.

A proviso has been added to section 9 dealing with the case of companies already transacting business in Canada but not able to comply immediately with the provisions of the section.

Sections 11 and 12.—These sections replace section 4 of the old Act and prohibit Canadian, British and foreign companies from transacting insurance business in Canada without a license from the Minister.

Section 13.—This section has been amended to permit of a contract of automobile insurance being combined in one policy with a contract of fire, explosion and inland transportation insurance.

Section 36.—This is a new section requiring the amount of paid-up capital to accompany any published statement of authorised or subscribed capital, and any statement of surplus including subscribed

or paid-up capital, to mention specifically the latter as included.

Section 41.—Sub-sections (4) and (5), providing for the issue of a conditional license requiring a company to make arrangements for re-insurance of its business and providing for re-insurance by the Department if the company fails to do so, are new.

Section 42.—This section, providing for the re-insurance of insolvent companies and giving the policyholders a preference on the assets of the company, is new.

Section 53 (52 in the old Act).—Sub-section (3), requiring that the permission of the Minister shall be obtained before any Canadian life company enters into an agreement for amalgamation with, or reinsurance by, another company, is new.

SALARY AGREEMENTS.

Section 57 (56 in the old Act).—This section, limiting salary agreements of Canadian life companies to five years, has been extended to apply to directors and agents as well as to officers or trustees. (This restriction does not apply to agreements with agents in respect of insurance secured or to be secured within certain limits.)

Sub-section (2), providing for the termination of agreements on insolvency or reinsurance of a company, is new.

Section 59 (58 in the old Act).—Sub-sections (2) and (3), requiring provincial companies obtaining a license under the Act to dispose of unauthorized securities within five years, are new.

Section 60 (59 in the old Act).—Paragraph (a) of subsection (1) has been amended to permit of investment by life companies in debentures of Rural Telephone Companies.

Sub-paragraph (ii) of paragraph (b), respecting the investment in unsecured debentures, has been amended to provide that the company issuing the same must have paid regular dividends on its preferred or common stocks for at least five years immediately preceding the date of investment.

Section 64 (63 in the old Act).—The proviso to subsection (1) is new, prohibiting the investment by Canadian fire and casualty insurance companies in the shares of any other company transacting the same class of business.

Sub-section (3) providing for the maintenance in Canada of assets at least equal to the liabilities in Canada, is new.

Section 66 (65 in the old Act).—This section requires all investments and deposits to be made in the name of the company, except insofar as is necessary to comply with the laws of other countries respecting deposits.

The section also prohibits directors and officers from receiving a commission in respect of any purchase, sale or loan made by the company.

Sections 70, 71, 72 and 73 of the old Act have been omitted from the new Act and transferred to the Criminal Code. These are the penalty sections of the old Act. Amendments to the Criminal Code also provide penalties for rebating.

UNAUTHORIZED INVESTMENTS.

Section 73 (77 in the old Act).—Sub-section (3)

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