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Insurance Companies as Receivers of Deposits.

What an insurance company can do with deposits without engaging in a banking business is not apparent. The Hand-in-Hand, which has been absorbed by the Commercial Union, entered upon a scheme of this kind a few years ago which did not flourish. After giving the plan thorough consideration the Commercial Union has decided to delate this feature from the business of the Hand-in-Hand which it had assumed. In deciding not to accept deposits the company has acted wisely. Its insurance interests require all the attention that the directors and managers will be able to bestow upon them.

RIGHTS AND LIABILITIES OF FOREIGN INSURANCE COMPANIES IN CANADA.

Paper read before the Montreal Insurance Institute, by EUGENE LAFLEUR, K.C.

It may be asserted without fear of contradiction that the laws of Canada deal very liberally with foreign corporations. They are, in most respects, on the same footing as Canadian corporations, enjoying the same privileges and being subject to the same burdens. A very clear statement of the law on this subject is to be found in a leading case in our Supreme Court, where the late Chief Justice Ritchie said, "The comity of nations distinctly recognizes the right of foreign incorporated companies to carry on business and make contracts outside of the country in which they are incoporated, if consistent with the purposes of the corporation, and not prohibited by its charter, and not inconsistent with the local laws of the country in which the business was carried on, subject always to the restrictions and burthens imposed by the laws enforced therein, for there can be no doubt, that a state can prohibit foreign corporations from transacting any business whatever, or it may permit them to do so upon such proper terms and conditions as it may prescribe."

You will observe that the first qualification mentioned by the learned chief justice is that the business of foreign corporations may be consistent with the purposes of the corporation and not prohibited by its charter. Let me illustrate the application of this exception to the general rule by a reference to two decided cases, one in Ontario and the other in Quebec.

The Genesee Mutual Insurance Company was chartered under the laws of the State of New York to carry on Mutual Insurance in the County of Geneseé. The charter gave the company a lien by way of mortgage on the property insured, and upon the title of the insured to the land on which such property stood. It was held that the company, from the very nature of its charter—which contemplated operations in a definite locality and created charges in real estate therein—was incapable of carrying on business in Ontario.

Still more emphatic was the limitation in the Quebec case. The Sun Mutual Insurance Company, incorporated under the laws of the State of New York, was expressly prohibited by the laws of its charter from making insurance contracts outside of New York, and our Superior Court held that a contract of insurance made by an agent of the company in Montreal with a person domiciled, there could not be enforced against the company. It was argued by the plaintiff that a foreign corporation should not be protected under this clause of its charter from a claim made by a person contracting in ignorance of this limitation, but the court held that there was no law justifying the application of a different rule to a foreign company and a Canadian Corporation, and that the plaintiff was bound to know the capacity of those with whom he contracted, just as in the case of married women and minors.

Let us now consider the restrictions imposed, not by the foreign law from which insurance companies derive their existence, but by the Canadian Law which regulates the exercise of their powers here.