

Rebating.

Rebating, direct or indirect is prohibited, and each and every person violating the provision of the Act in this regard shall for a first offence be liable to a penalty of double the amount of the annual premium involved, but in no case shall such penalty be less than one hundred dollars, and for a second or subsequent offence such person shall be liable to a penalty of double the amount of such annual premium, but in no case less than two hundred and fifty dollars.

Any directors or manager or other officer, who knowingly consents to the violation of the provision by any agent or officer of the company, shall be liable to a penalty of one thousand dollars.

Of the penalties provided for, one-half is to be applied towards payment of the expenses of the office of the Superintendent and the other half to the person suing.

No such director, manager, agent, officer, employee or other servant shall be indemnified either in whole or in part either in respect of the penalty or of any costs out of the funds of the company.

Policy Conditions.

Under the new Act it is definitely stated that the policy shall be deemed to contain the whole contract between the parties, and no provision shall be incorporated therein by reference to rules, by-laws, application or any other writing, unless the same are endorsed upon or attached to the policy when issued. No officer or employee of the company, or any one soliciting insurance, shall in any way be considered the agent of the person insured. No estimates of surplus are to be issued by company or agent.

While standard forms of policy contracts are not required, the following provisions are obligatory, industrial insurance in this respect as in several others throughout the bill being expected.

(a) Thirty days of grace for payment of premium—6 per cent. interest charge being optional; (b) incontestability of policy after two years except for fraud, non-payment of premium or military service without company's permission; (c) statements of insured, in absence of fraud, to be considered representations not warranties; no such statement to be used in defence to a claim under the policy unless it is contained in a written application, endorsed or copied upon the policy; (d) if age has been under-stated, the amount of insurance payable to be such as the premium would have purchased at the correct age; (e) policy to participate in surplus at intervals of not more than five years; (f) by-laws relating to surrender values to be set forth in full; (g) options to be stated as to surrender values, paid-up or extended insurance, which must be granted if three full annual premiums have been paid; (h) provision that after payment of third premium, the insured can borrow not more than ninety-five per cent. of the cash surrender value less any indebtedness to the company, at a rate of interest not exceeding 6 per cent.—provided, however, that such loan may at the option of the company be deferred for a period not exceeding three months; (i) table of surrender and loans values and other options to be given in detail; (j) also a table of instalment or annuity payments where such are provided for; (k) provision for re-instatement within three years on satisfactory evidence of health

and payment of arrears with interest, provided cash value has not been already used up.

Any of the foregoing policy provisions which can not apply to single premium, nor to non-participating or term policies, are not to be incorporated therein. Participating and non-participating business are to be kept separate and so accounted for.

The compulsory inclusion of detailed loan and surrender values in every policy may not meet the full approval of those who hold to the old time view that—for the sake of the policyholder himself—it is not well to emphasize the ease with which a contract can be realized upon.

Dividends to Policyholders and Shareholders.

At the end of each year the company shall ascertain the surplus earned. The share of such surplus for each policy is to be applicable to the purchase of paid-up additional insurance (except in the case of a term policy), or to the reduction of premium, or is to be payable in cash, at the option of the insured—an option once exercised to remain during time policy is in force.

In no case can a new policy be issued which does not provide that the proportion of the surplus accruing upon it shall be distributed at intervals not greater than quinquennially. With regard to policies already in force, when the bill takes effect, and which call for the distribution of surplus at less frequent intervals than quinquennially, or are deferred dividend policies, it is provided that their equitable share of surplus shall be determined quinquennially and constitute a liability of the company, until actually distributed to the policyholders.

In the case of companies heretofore incorporated which have a capital stock, the directors may, from time to time, set apart such portion of the net profits accrued in the past as they shall deem safe and proper for distribution as dividends or bonuses to shareholders and holders of participating policies—ascertaining the part thereof which has been derived from participating policies and distinguishing such part from profits derived from other sources; and the holders of participating policies shall be entitled to share in the former portion to the extent of not less than ninety per cent., and shall also be entitled to a just proportion of profits from other sources. But no dividend or bonus shall be at any time declared on estimated profits, and the portion of such profits which remain undivided on the declaration of a dividend shall never be less than one-fifth of the dividend declared; and before fixing or arriving at the amount of divisible profits, interest on the amount of unimpaired paid-up capital stock, but not including any premiums or bonuses paid thereon or in respect thereof, and on any other sum or sums from time to time standing at the credit of the shareholders may be allowed or credited to such shareholders at the average net rate of interest earned in the preceding year, or any other period under consideration, upon the total funds of the company, invested or uninvested; such shareholders to be, however, charged with a fair proportion of all losses incurred upon investment or other losses of a similar character.

Shareholders' and Policyholders' Directors.

Stock companies are to have eight shareholders' directors, and eight participating-policyholders' directors, two of each class retiring by rotation yearly, and their places being filled. Policyholders'