

policies or the written consent of such policyholders, the Minister may release and transfer said deposit to the Treasurer of such province.

3. The transfer of such deposit in manner aforesaid shall not in any way affect, alter, or diminish the rights of the policyholders with respect thereto, which shall remain in all respects the same as if no such transfer had been made.

109. In computing or estimating the reserve necessary to be held in order to cover the liability of Canadian companies on their policies, and the liability of companies other than Canadian companies on all Canadian policies, each company may,—

(a) as to policies issued on or after the first day of January, one thousand nine hundred, and bonus additions or profits declared in respect thereof, employ any of the standard tables of mortality as used by it in the construction of its tables, and any rate of interest not exceeding three and a half per cent. per annum;

(b) as to policies issued prior to the first day of January, one thousand nine hundred, and bonus additions or profits declared in respect thereof, until the first day of January, one thousand nine hundred and fifteen, employ any of such standard tables of mortality, and any rate of interest not exceeding four per cent. per annum; and on and after the first day of January, one thousand nine hundred and fifteen, employ any of such standard tables of mortality, and any rate of interest not exceeding three and one-half per cent. per annum.

2. If it appears to the Superintendent that such reserve falls below that computed on the basis provided in this Act, for the valuation once in every five years or oftener at the discretion of the Minister, of policies of life insurance, he shall so report to the Minister, who may thereupon direct the Superintendent to compute on the said basis or to procure to be computed under his supervision, the reserve aforesaid, and the amount so computed, if it differs materially from the return made by the company, may be substituted in the annual statement of assets and liabilities.

3. In such case the company shall furnish to the Superintendent, on application, the full particulars of each of its policies necessary for such computation, and shall pay to the Superintendent such an amount as he deems sufficient to compensate for the services rendered to the company not, however, to exceed three cents for each policy or bonus addition so computed, which amount he shall pay over to the Minister. In the event of its appearing from the particulars so furnished that the net premium calculated on the basis of the British Offices Life Tables, 1893, *Om* (5), and a rate of interest of three and one-half per cent. together with two and one-half per cent. loading for expenses in excess of the premiums receivable in respect of any policies issued after January first, one thousand nine hundred and eleven, the company shall be charged as a separate liability with the value of an annuity the amount of which shall be equal to such excess.

4. Any company, instead of itself computing or estimating the reserve aforesaid, may require it to be computed by the Superintendent on the basis referred to in this section, on payment to him of three cents for each policy or bonus addition so computed, which amount the Superintendent shall pay over to the Minister.

Declaration of Profits in case of existing Companies.

110. In the case of companies heretofore incorporated which have a capital stock and which are within the legislative power of the Parliament of Canada, the directors may, from time to time, set apart such portion of the net profits 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 the profits derived from other sources; and the holders of participating policies shall be entitled to share in that portion of the profits so set apart which has been distinguished as having been derived from participating policies, (including a share of the profits arising from the sale of securities in the proportion of the reserve on the participating policies to the total reserve), to the extent of not less than ninety per cent. thereof; 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, which have been expended in the establishment, prosecution or extension of the company's business or applied to making good any impairment of capital, 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 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.

2. The provisions of subsection 1 of this section shall not interfere with the right of the participating policyholders of any such company to share in the profits realized from the nonparticipating branch of its business in any case in which such policyholders are so entitled under the Acts relating to such company in force at the time of the passing of this Act.

Assessment Life Insurance Companies.

111. Sections 112 to 126, both inclusive, of this Act apply to assessment life insurance companies only.

112. No company shall, without being licensed or registered under this Act, carry on within Canada any business of life insurance by promising to pay on the death of a member of such company, a sum of money solely from the proceeds of assessments or dues collected or to be collected from the members thereof for that purpose.

113. After the passing of this Act no company except such as is referred to in subsection 4 of section 3 of this Act, which carries on business of the nature described in the last preceding section, hereinafter referred to as assessment companies, shall be licensed or registered to carry on business thereunder, but licenses to such companies in force at the time of the passing of this Act may nevertheless be from time to time renewed.

114. Any such company now licensed, so long as its license continues in force by renewal or otherwise, shall be exempted from the foregoing provisions of this Act relating to the maintenance of the reserve in respect of its policies required of ordinary life insurance companies and from the provisions of sections 13, 42, 84 and 85 thereof.