

AMENDMENT OF INSURANCE ACT

PROVISIONS INTRODUCED BY HON. W. T. WHITE —GROUP INSURANCE TO BE LEGALISED— WIDER POWERS IN REGARD TO INSOLVENT COMPANIES.

In the House of Commons, on Monday afternoon, Hon. W. T. White introduced a number of amendments to the Dominion Insurance Act. The new bill had been partly inspired, said Mr. White, by the liquidation of the Union Life Assurance Company of Toronto, which had revealed defects in the existing legislation in regard to this class of company. Mr. White explained that the new bill would give the Finance Department wider powers as regards insolvent life insurance companies.

Among its clauses was one which provides that in the case of contracts entered into between a company and members of its board of directors, its officers or agents, the liquidator of the company may choose to continue such contracts or to terminate them irrespective of the length of their terms. Contracts thus terminated will be for three months only. In liquidations, policyholders' claims will be regarded as a first charge on assets. Companies will not be allowed to invest in the shares of companies which carry on a similar sort of business and it is provided that companies which now hold such shares must dispose of them within ten years.

INVESTMENT LIMITATION.

A limitation as regards the investment of unsecured bonds is also provided, while there are regulations of a rigid character in respect to organization. Another clause which the minister said would be in the interests of policyholders states that the liquidator of a life insurance company may reinsure the contracts of the company. In regard to fire insurance companies it is provided that they may be called upon by the department inspectors to make good any impairment to the extent of 25 per cent.

Provision is being made for suspension or cancellation, if necessary, of the license of a company whenever in the opinion of the department the company's further transaction of business would be hazardous to its policyholders or to its creditors or to the public.

GROUP INSURANCE PROVIDED FOR.

The act is being amended with respect to the insurance of employees by providing for the issue of "a policy or group of policies, the form of which has first been approved by the superintendent, insuring the lives of not less than 100 of the employees of a single employer at rates of premium differing from the company's usual rates applicable to individual policies on the same plan, provided that each of such policies or groups of policies is issued on the application of, and the premiums paid by or through, the said employer."

MODIFIED LICENSE.

There is also a provision that the issue of a modified or conditional licence shall not be renewable within the meaning of the Winding-up Act. Power is given the minister to require under such a modified license that, during the life of the license, the company shall re-insure its entire business in another licensed company, subject to the approval of the superintendent of insurance. If this re-insurance is not done by the expiration of the modified license,

and the affairs of the company have not improved, the company is to be deemed insolvent. The superintendent of insurance may then institute winding-up proceedings which shall be carried on by him, the act vesting in him all the powers conferred upon a liquidator by the Winding-up Act.

SALARY AGREEMENTS.

Salary agreements are covered by the following general provision: "Every contract or agreement made after the passage of this act between any such company and any of its directors, agents or trustees to pay for any services rendered or to be rendered, any salary, compensation or emolument, shall contain a provision that in the event of the winding-up of the company under the Winding-up Act, or in the event of the transfer or re-insurance of all the company's policies, such contract or agreement shall be terminable at the option of the company, but the holder thereof shall be entitled on its termination to rank as an ordinary creditor on the assets of the company for the amount he would have received under such contract or agreement during the three months succeeding the date of the commencement of the said winding-up or of the date of the said transfer or re-insurance."

Loans on bonds or other securities must not exceed the amount which might legally be invested therein. It is also provided that investments and deposits "shall be made in its corporate name and no director or other officer thereof, and no member of a committee having any authority in the investment or disposition of its funds, shall accept or be the beneficiary of, either directly or remotely any fee, brokerage, etc."

QUEBEC MUNICIPAL BOND LEGISLATION.

The legislation concerning municipal debentures which was passed at the recent session of the Quebec Legislature will, it is claimed, have considerable effect in widening the market for Quebec municipals. Several amendments were made in the Act, thereby removing some of the objections usually raised against Quebec municipals. One clause gives the municipality power to sell debentures below par and at a rate of interest greater than six per cent. Another gives the municipal council, with the approval of the Lieutenant-Governor-in-Council, authority to change the rate of interest on debentures, without the necessity of submitting such a change to the electorate for ratification. A very important change is that which provides that where the interest on a debenture has been paid for one year or more, or where the principal on one of a series has been paid, a by-law authorizing such issue shall thereupon become valid and binding on the municipality. Another clause states that every debenture issue under a by-law approved of by the Lieutenant-Governor-in-Council is valid, and the amount thereof recoverable in full, notwithstanding any irregularity or illegality in its issue.

Mr. James H. Scott, formerly general manager of the Gresham Life and Gresham Fire offices and well known to Canadian insurance men by frequent visits on this side, is slated as prospective Liberal candidate for West St. Pancras, a London division, at the next general election in Great Britain.