

THE NEW INSURANCE ACT OF 1886.

The measure passed at the last session of the Dominion Parliament, consolidating and amending the laws relating to insurance of all kinds, is one which possesses interest for a very large section of the community. We devote some space, therefore, to reproducing portions of the Act which are of the greater importance to commercial men. We have not space to print the Act entire, as our enterprising neighbor, the *Insurance and Financial Chronicle*, has done, but the essence of it will be found below. The first two sections, which are omitted, contain simply the short title and interpretation clauses. We begin with the third section:—

APPLICATION OF ACT.

III. The provisions of this Act shall not apply to any company transacting, in Canada, ocean marine insurance exclusively; or to any policy of life insurance in Canada, issued previously to the twenty-second day of May, in the year one thousand eight hundred and sixty-eight, by any company which has not subsequently received a license; or to any company incorporated by an Act of the legislature of the late Province of Canada, or by an Act of the legislature of any province now forming part of Canada, which carries on the business of insurance, wholly within the limits of that province by the legislature of which it was incorporated, and which is within the exclusive control of the legislature of such province; but any such company carrying on the business of life insurance may, by leave of the Governor in Council, avail itself of the provisions of this Act, and if it so avails itself, the provisions of this Act shall thereafter apply to it, and such company shall have the power of transacting its business of insurance throughout Canada. 38 V., c. 20, ss. 2 part, and 3 part;—40 V., c. 42 s. 2, part, and s. 28.

LICENSES.

IV. No company or person, except as hereinafter provided, shall accept any risk or issue any policy of fire or inland marine insurance, or policy of life insurance, or grant any annuity on a life or lives, or receive any premium, or carry on any business of life, or fire or inland marine insurance in Canada,—or prosecute or maintain any suit, action or proceeding either at law or in equity, or file any claim in insolvency relating to such business, without first obtaining a license from the minister to carry on such business in Canada. 38 V., c. 20, s. 2, part, and s. 3;—40 V., c. 42, s. 2, part.

V. The license shall be in such form as is from time to time determined by the minister, and shall specify the business to be carried on by the company; and it shall expire on the thirty-first day of March in each year, but shall be renewable from year to year. 38 V., c. 20, s. 4;—40 V., c. 42, s. 3.

VI. The minister, as soon as the company applying for the same, has deposited in his hands the securities hereinafter mentioned, and has otherwise conformed to the requirements of this Act, shall issue such license as aforesaid. 38 V., c. 20, s. 5;—40 V., c. 42, s. 4.

IX. If it appears from the annual statements, or from an examination of the affairs and condition of any company carrying on the business of fire or inland marine insurance, that the re-insurance value of all its risks outstanding in Canada, together with other liabilities in Canada, exceeds its assets in Canada, including the deposit in the hands of the minister, the company shall be notified by the minister to make good the deficiency; and on its failure so to do, within sixty days after

being so notified, he shall withdraw its license. 38 V., c. 20, s. 8.

ANNUAL RETURNS BY COMPANIES.

XIX. The president, vice-president, or managing director, and the secretary or manager of every Canadian Company licensed under this act, shall prepare annually, under their own oath, and cause to be deposited at the department of finance, a statement of the condition and affairs of such company at the usual balancing day of the company in the preceding year—which statement shall exhibit the assets and liabilities of the company, and its income and expenditure during the previous year, and such other information as is deemed necessary by the minister:

2. In the case of such companies carrying on the business of life insurance, such statement shall be deposited as aforesaid on the first day of January in each year or within two months thereafter, and shall be made in the form and manner set forth in the form A in the schedule to this Act:

Provided, however, that a preliminary abstract of the year's business to December thirty first inclusive, comprising the cash premium receipts of the year, the number and amount of the policies issued and taken up that are in force, and that have become claims and been paid to that date, shall be sent to the superintendent of insurance within the first fifteen days of January in each year.

3. In the case of companies carrying on the business of fire or inland marine insurance, such statement shall be deposited as aforesaid on the first day of February in each year, or within one month thereafter, and shall be made in the form and manner set forth in the form B in the schedule to this Act:

4. Such statement shall be sworn to before some person duly authorized to administer oaths in any legal proceeding, in the form C in the schedule to this Act:

5. The minister may, from time to time, make such changes in the form of such statements as seem to him best adapted to elicit from the companies a true exhibit of their condition in respect to the several points hereinbefore enumerated. 38 V., c. 20, s. 20;—40 V., c. 42, ss. 20 and 27.

XX. Every company incorporated or legally formed elsewhere than in Canada, and at present licensed or hereafter licensed under this Act, and every company which is subject to the provisions of this Act, shall make annual statements of its condition and affairs under the oath of its chief agent, and shall furnish the same to the minister at the same time as Canadian companies; and the form and manner of making of such statements shall, as to the Canada business of such company, be the same (so far as applicable) as is required of Canadian companies,—and as to its general business, shall be in such form and to such date as such company is required by law to furnish to the Government of the country in which its head office is situate, in a separate schedule attached. The blank forms of the statements of the Canada business shall be furnished in duplicate by the Superintendent.

PENALTIES AND FORFEITURES.

XXI. Every company which violates any provision of either of the two sections next preceding shall incur a penalty of five hundred dollars for each violation, and an additional penalty of one hundred dollars for each month during which any such company neglects to make such publication or to file such affidavits and statements as are therein required;

2. If such penalties are not paid, the minister, with the concurrence of the Treasury Board, may order the license of such company to be suspended or withdrawn, as is deemed expedient. 38 V., c. 20, s. 22;—40 V., c. 42, s. 22.

XXII. Every person who delivers any policy of insurance or interim receipt or who collects any premium (except only on policies of life insurance issued to persons not resident in Canada at the time of issue) or carries on any business of insurance on behalf of any life, fire or inland marine insurance company, without such license as aforesaid, shall, on summary conviction thereof, before any two justices of the peace, or any magistrate having the powers of two justices of the peace, for a first offence, incur a penalty of not less than twenty dollars and costs, and not more than fifty dollars and costs, and in default of payment the offender shall be liable to imprisonment with or without hard labor for a term of not less than one month nor more than three months; and for a second or any subsequent offense such offender shall be imprisoned with hard labor for a term not less than three months nor more than six months;

2. One half of any such penalty when recovered shall belong to Her Majesty, and the other half thereof to the informer.

XXIII. All informations or complaints for the prosecution of offences under the provisions of sections twenty-two, twenty-five and forty-two of this Act shall be laid or made in writing within one year after the commission of the offence.

XXIV. Unless otherwise provided in the special Act incorporating any insurance company, passed by the Parliament of Canada after the twenty-eighth day of April, one thousand eight hundred and seventy-seven, or hereafter to be passed, such special Act or Acts amending the same shall expire and cease to be in force at the expiration of two years from the passing thereof, unless within such two years the company thereby incorporated obtains a license from the minister under the provisions of this Act. 40 V., c. 42, s. 26.

LIFE INSURANCE.

XXVI. The provisions of sections twenty-seven to forty-three inclusive apply only to life insurance companies and to other insurance companies carrying on life and other insurance, in so far as relates to the life insurance business only of such companies.

CONDITIONS ON POLICIES.

XXVII. No condition, stipulation or proviso modifying or impairing the effect of any policy or certificate of membership of life insurance issued after the first day of January, one thousand eight hundred and eighty-six, by any company doing business within Canada under the authority of the Parliament of Canada, shall be good or valid unless such condition, stipulation or proviso is set out in full on the face or back of the policy or certificate. 48 and 49 V., c. 49, s. 7.

XXVIII. No policy or certificate shall contain or have endorsed upon it any condition providing that such policy or certificate shall be avoided by reason of any statement contained in the application therefor being untrue, unless such condition is limited to cases in which such statement is material to the contract. 48-49 V., c. 49, s. 8.

FORFEITURE OF LICENSE.

XXIX. Whenever satisfactory proof has been furnished to the minister of any undisputed claim upon a company, arising on any policy of life insurance in Canada, remaining unpaid for the space of sixty days after becom-