

PART V.

PROVISIONS APPLICABLE TO COMPANIES HEREAFTER
INCORPORATED BY PARLIAMENT.*Application of Part.*

144. The provisions of this Part shall apply to every insurance company incorporated by a special Act of the Parliament of Canada after the passing of this Act.

2. The provisions of this Part, other than those of section 145, shall also apply to every insurance company incorporated by a special Act of the said Parliament during the present session thereof, and in any respect in which such provisions are inconsistent with the provisions of the special Act so passed during the present session the former shall prevail.

3. The provisions of this Part, other than those of section 145, shall also apply to every insurance company incorporated by a special Act of the said Parliament before the passing of this Act, but which has not yet been licensed, and in any respect in which such provisions are inconsistent with the provisions of the special Act so passed prior to the passing of this Act the former shall prevail: Provided, however, that all things lawfully done and all proceedings lawfully taken under the provisions of such special Act prior to the passing of this Act for the organization of the company or otherwise shall be valid and effectual for the purposes intended.

145. Every special Act of the Parliament of Canada passed after the passing of this Act for the incorporation of an insurance company in the form F in the schedule to this Act shall be read as if it contained the provisions hereinafter in this section set forth, and shall be construed having regard thereto.

(1) The persons named as such in the special Act shall be the provisional directors of the company, a majority of whom shall be a quorum for the transaction of business. They shall remain in office until replaced by directors duly elected in their stead, and they may forthwith open stock books, procure subscriptions of stock for the undertaking, make calls on stock subscribed and secure payments thereon. They shall deposit in a chartered bank in Canada all moneys received by them on account of stock subscribed or otherwise received on account of the company and may withdraw the same for the purposes of the company only and may do generally what is necessary to organize the company.

(2) The directors may establish local advisory boards or agencies either within Canada or elsewhere at such times and in such manner as they deem expedient.

(3) The capital stock of the company shall be divided into shares of one hundred dollars each.

(4) The directors may, after the whole authorized capital stock of the company has been subscribed and fifty per cent. paid thereon in cash, increase the capital stock from time to time to an amount not exceeding the sum named for that purpose in the special Act; but the stock shall not be increased until a resolution of the board of directors authorizing such increase has been first submitted to and confirmed by two-thirds in value of the shareholders present or represented by proxy

at a special general meeting of the members of the company duly called for that purpose.

(5) As soon as the amount for that purpose mentioned in the special Act has been subscribed and ten per cent. of the said amount has been paid into some chartered bank in Canada the provisional directors shall call a general meeting of the shareholders at some place to be named in the municipality where the head office of the company is situated; at which meeting the shareholders present or represented by proxy who have paid not less than ten per cent. on the amount of shares subscribed for by them shall elect the shareholders' directors in the case of a life company, and the ordinary directors in the case of a company other than a life company, as set forth in the next following section.

(6) The shares of the capital stock subscribed for shall be paid by such instalments and at such times and places as the directors appoint; the first instalment shall not exceed twenty-five per cent. and no subsequent instalment shall exceed ten per cent., and not less than thirty days' notice of any call shall be given.

(7) The company shall not commence business until at least the amount of stock mentioned for that purpose in the special Act has been subscribed for nor until at least the sum named for that purpose in the said special Act has been paid in cash into the funds of the company to be appropriated only for the purposes of the company under the said special Act: Provided that stock upon which less than ten per cent. has been paid in cash by the subscriber shall not be reckoned as part of the stock mentioned in the special Act as necessary to be subscribed, nor shall any sum paid by any shareholder upon the shares subscribed for by him which is less than ten per cent. of the amount subscribed for by such shareholder be reckoned as part of the sum required to be paid thereon as in such special Act provided.

(8) A general meeting of the company shall be called at its head office once in each year after the organization of the company and the commencement of business, and at such meeting a statement of the affairs of the company shall be submitted, and special general or extraordinary meetings may at any time be called by any three of the directors or by requisition of any twenty-five shareholders, specifying in the notice the object of the meeting.

(9) The company may cause itself to be re-insured against any risk undertaken by it, and may re-insure any other company carrying on the same class of business as this company against any risk undertaken by such other company.

Directors, their election, duties and powers.

146. (a) There shall be in the case of life insurance companies having a capital stock, whether called by the name of capital stock, guarantee fund or any other name, two classes of directors, viz.: directors elected by the shareholders, hereinafter called shareholders' directors, and directors elected by the policyholders, hereinafter called the policyholders' directors; but in the case of companies other than life companies, having a capital stock, there shall be only one class of directors, namely: directors elected by the shareholders, hereinafter called ordinary directors.

(b) No person shall be elected a shareholders' director of a life company or an ordinary director