

ALL CANADA FIRE INSURANCE FEDERATION:

EXECUTIVE'S ANNUAL REPORT.

At the annual meeting of the All-Canada Fire Insurance Federation held at the Chateau Laurier, Ottawa, on May 28, the following report of the executive, for the past year, was presented:—

TO THE MEMBERS OF THE ALL-CANADA FIRE INSURANCE FEDERATION—

SUPREME COURT REFERENCE.

The Supreme Court has heard and is about to pronounce upon the constitutional principles underlying the right to legislate in insurance matters. The right of Parliament to legislate in matters of insurance and particularly as to licensing of companies will be determined. At the hearing all the provinces were represented by counsel and your federation and the Canadian Manufacturers' Association were also permitted to state their cases. A decision is expected at the present sitting of the Supreme Court of Canada and should nothing unforeseen occur a final hearing before the Privy Council may be had in July of this year.

UNLICENSED COMPANIES: IMPORTANT DECISION.

In this connection it will no doubt be of interest for the members to know that a few days ago Mr. Justice White, of the Supreme Court of New Brunswick, held in a case of the Pacific Coast Fire Insurance Company vs. Hicks, that insurance contracts entered into with unlicensed companies provided they do not fall within the exception stated in section 139 of the Act are illegal and absolutely void, that the effect of the Insurance Act is to render policies assessed by foreign unlicensed companies illegal and, therefore, unenforceable and void and the learned judge adds: "I am quite clear in even an express stipulation of the company to raise the question of illegality as a defense would not avail in law to make the contract enforceable, for no court will lend its aid to enforce an illegal contract." In view of this, it is felt that if the insuring public knew of the danger which they run in insuring in unlicensed companies as outlined in this decision, not only would no further risks be placed with them, but it is reasonable to expect that much of this insurance would be cancelled. Neither of the counsels representing the opposing parties contended that the Insurance Act was beyond the powers of Parliament and Mr. Justice White, in coming to the conclusion which he has, naturally could not do so without assuming that the Act is *intra vires*.

AMENDMENT TO THE RAILWAY ACT.

Your committee has endeavored for some years to obtain the removal of a sub-section of section 298 of the Dominion Railway Act which has for effect to transfer the liability for loss by fire caused by locomotives of railway companies to insurance companies, whether railway companies are negligent or not. The Minister of Justice, while not inclined to take so serious a view of this section, has stated it as his opinion that if the section can be given this interpretation, the insurance companies have an undoubted grievance and that any ambiguity should be removed. We have lately been advised that the

amendment, proposed by the committee, had been embodied in the draft bill which will be printed shortly and introduced in Parliament. The Lumber Insurance General Agency has taken an interest in this work and hopes favorably to interest the Canadian Lumbermen's Association and possibly the Canadian Manufacturers' Association. We should feel grateful for the assistance of any of the members in obtaining the repeal of this objectionable clause.

RETURNS OF ASSURED IN UNLICENSED COMPANIES.

As a result of the courtesy extended by the Minister of Finance, the Federation is now in possession of the returns made by persons, firms or companies insuring in unlicensed companies and who have reported to the Government. These returns have been tabulated and it is intended to have them printed shortly and forwarded to the members of the federation so as to facilitate their discovering those who violate the law by not making returns and having them penalized as provided by the statute.

TAXATION IN QUEBEC.

The somewhat startling returns obtained from the members of the Federation establishing that the companies pay in the Province of Quebec taxes averaging double what they pay in all the other provinces united, have urged your committee to make a determined effort to obtain legislation from the Quebec Legislature re-adjusting and reducing this excess of imports. With this object in view, the following bills were drafted and submitted, through the proper channels, to the different Ministers:

Bill to force unlicensed companies to share in the tax of 1 p.c. in the City of Montreal.

Bill to amend the Fire Commissioners Act, with a view of obliging unlicensed companies to share in its maintenance.

Bill obliging companies to pay the registration fee of \$150.00 once and for all instead of an annual tax of this amount as at present.

Bill forcing unlicensed companies to pay the minimum tax of \$250.00 to the Province.

Bill abolishing or reducing municipal taxation.

The City of Montreal has met our suggestions as to the first two bills in a fair spirit with the result that the legislation committee of its council recommended our amendments.

Owing to the illness early in the session of the assistant attorney general, Mr. Lanctot, this and other measures had to be put aside but will be re-introduced next session with every chance of their being made law.

The several delegations which went to Quebec realized that the whole of the considerable programme undertaken could not be carried out and, therefore, concentrated their efforts on the abolition of municipal taxation, or at least a substantial reduction thereof. A bill with this object in view was accordingly introduced in the Quebec House, but owing to the lateness of the session and the serious opposition of the country members on the grounds of their inopportunities of communicating with their constituents as to its bearing, it had to be withdrawn.