Summary of the Principal Provisions Contained in the New Government Insurance Bill (*Continued*).

REBATING.—*Continued*.

such annual premium, but in no case less than two hundred and fifty dollars.

Any director or manager or other officer, who knowingly consents to the violation of the provision by any agent or officer of the company, shall be liable to a penalty of one thousand dollars.

Of the penalties provided for, one-half is to be applied towards payment of the expenses of the office of the Superintendent and the other half to the person suing.

No such director, manager, agent, officer, employee or other servant shall be indemnified either in whole or in part either in respect of the penalty or of any costs out of the funds of the company.

POLICY CONDITIONS.

Under the new Act it is definitely stated that the policy shall be deemed to contain the whole contract between the parties, and no provision shall be incorporated therein by reference to rules, by-laws, application or any other writing, unless the same are endorsed upon or attached to the policy when issued. No officer or employee of the company, or any one soliciting insurance, shall in any way be considered the agent of the person insured. No estimates of surplus are to be issued by company or agent. No discrimination or rebate, direct or indirect is to be given.

While standard forms of policy contracts are not required, the following provisions are obligatory:

(a) Thirty days of grace for payment of premium; (b) incontestability of policy after two years except for nonpayment of premium or military service without company's permission; (c) statements of insured, in absence of fraud, to be considered representations not warranties; no such statement to be used in defence to a claim under the policy unless it is contained in a written application, endorsed or copied upon the policy; (d) if age has been under-stated, the amount of insurance payable to be such as the premium would have purchased at the correct age; (e) policy to participate in surplus at intervals of not more than three years, with equitable adjustment in case of death during interval; (f) by-laws relating to surrender values to be set forth in full; (g) options to be stated as to surrender values, paid-up or extended insurance, which must be granted if three full annual premiums have been paid; (h) provision that not later than the third anniversary of the policy, the insured can borrow not more than ninety-five per cent. of the cash surrender value less any indebtedness to the company, at a rate of interest not exceeding 6 per cent.; (i) table of surrender and loans values and other options to be given in detail; (j) also a table of instalment or annuity payments where such are provided for; (k) provision for re-instatement within three years on satisfactory evidence of health and payment of arrears with interest.

Any of the foregoing policy provisions which can not apply to single premium, nor to non-participating or term policies, are not to be incorporated therein. Participating and non-participating business are to be kept separate and so accounted for.

DIVIDENDS TO POLICYHOLDERS.

At the end of each year, the company shall ascertain the surplus earned, and (after setting aside out of such surplus such sums as may be required for the payment of authorized dividends upon the capital stock, if any, and such sums as may properly be held for the account of policies in force at the said first day of January, one thousand nine hundred and nine, which provide for distribution at less frequent intervals than annually, and for all deferred dividend policies in force at the said date, and for a contingency reserve not in excess of the amount prescribed by this Act), shall apportion the remaining surplus equitably to all other policies entitled to share therein.

Dividends to policyholders are to be applicable to the purchase of paid-up additional insurance (except in the case of a term policy), or to the reduction of premium, or are payable in cash, at the option of the insured.

In no case can a new policy be issued which does not provide that the proportion of the surplus accruing upon it shall be distributed at intervals not greater than triennially. With regard to policies already in force, when the bill takes effect, and which call for the distribution of surplus at less frequent intervals than annually, or are defer-

Synopsis of: (A) Existing Insurance Act, (B) Life Officers' Memorial to Royal Commission, (C) Commissioners' Draft Bill (*Continued*).

POLICY CONDITIONS.

(A) In scarcely any respect does the proposed bill differ more from the existing Act than in the detail with which policy conditions are set forth. The existing Act does little more than provide that policy conditions shall be set forth in the contract, and that misstatement shall not void the policy unless material to the contract.

(B) The Life Officers advocated statement of non-forfeiture and surrender privileges in policies. In opposing the idea of standard policy forms, they held that competition in this matter tends to produce policies more and more favorable to the assured. They asked that dividend estimates be allowed if filed with the Superintendent.

(C) Standard policies were recommended by the Commission, but the proposed Act provides instead for a number of standard provisions as noted. Estimates were reported against.

DIVIDENDS TO POLICYHOLDERS.

(A) The existing Act does not specially concern itself with this matter.

(B) The Life Officers advocated continuance of freedom in this respect, with the provision that actual past results and future estimates of dividends (with statement of principle of computation) be submitted to Government and given publicity in blue book.

(C) The Commission's bill provided for the annual ascertaining and distributing of surplus in every case—except on policies taken out prior to the Act's going into effect.