

of the company shall be reduced by the amount of the reduction in the paid-up portion thereof.

4. The liability of the shareholders shall remain the same as if no reduction had been made in the paid-up capital stock of the company.

80. The directors may—

(a) from time to time out of that portion of the profits of the company which belongs to the shareholders, by declaring a stock dividend or bonus or otherwise, increase the paid-up capital thereof to an amount not exceeding the amount or amounts by which the same may have been reduced under the provisions of the last preceding section, and thereafter the paid-up capital and the capital stock and each share shall represent the aggregate of the amount to which it has been reduced and the amount of such increase so declared as aforesaid; or,

(b) issue new stock to an amount not exceeding the amount of such reduction, which stock shall be first offered at not less than par to the shareholders in proportion to the existing shares held by them; and such offer shall be made by notice specifying the number of shares of new stock to which each shareholder is entitled and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of such time, or on the receipt of an intimation from any shareholder to whom such notice is given that he declines to accept the shares offered, the directors may dispose of the same, at not less than par, in such manner as they think most beneficial to the company. The nominal value of the shares of new stock so issued shall be the same as the nominal value of the shares of the reduced paid-up capital stock.

81. Any company which is within the legislative power of the Parliament of Canada, being at the time this Act goes into effect licensed to carry on business in Canada pursuant to *The Insurance Act*, may upon being authorized by a by-law made by the directors and confirmed at a general meeting of the company duly called for that purpose and upon making such further deposit and complying with such terms and conditions as may be fixed and prescribed by the Treasury Board upon the report of the Superintendent, carry on such kind or kinds of insurance, within the limits set forth in section 8 of this Act, as may be authorized by the license to be from time to time issued to the company pursuant to the provisions herein contained.

82. An Act of incorporation of an insurance company in the form F in the schedule to this Act shall confer upon the company thereby incorporated all the powers, privileges and immunities and shall subject it to all the liabilities and provisions in this Act applicable thereto.

PART II.

LIFE INSURANCE.

Application of Part.

83. This Part applies only to life insurance companies, and to other insurance companies carrying on life and other insurance, in so far only as relates to the life insurance business of such companies.

84. From and after the first day of January, one thousand nine hundred and eleven, every policy

delivered in Canada by any life insurance company under the legislative jurisdiction of the Parliament of Canada or licensed to carry on the business of life insurance within Canada 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 they are endorsed upon or attached to the policy when issued.

2. This section shall not apply to the business of industrial insurance.

85. No officer, agent, employee or servant of such life insurance company nor any person soliciting insurance, whether an agent of the company or not, shall be deemed to be for any purpose whatever the agent of any person insured in respect of any question arising out of the contract of insurance between such person insured and the company.

86. After the first day of January, one thousand nine hundred and eleven, no such life insurance company, and no officer, director or agent thereof, shall issue or circulate, or cause or permit to be issued or circulated in Canada any estimate, illustration or statement of the dividends or shares of surplus expected to be received in respect of any policy issued by it.

87. No such life insurance company shall make or permit any distinction or discrimination in favour of individuals between the insured of the same class and equal expectation of life in the amount of premiums charged, or in the dividends payable on the policy, nor shall any agent of any such company assume to make any contract of insurance, or agreement as to such contract, whether in respect of the premium to be paid or otherwise, other than as plainly expressed in the policy issued; nor shall any such company or any officer, agent solicitor or representative thereof pay, allow or give, or offer to pay, allow or give, directly or indirectly, as inducement to insure, any rebate of premium payable on the policy, or any special favour or advantage in the dividends or other benefits to accrue thereon, or any advantage by way of local or advisory directorship where actual service is not *bonâ fide* performed, or any paid employment or contract for services of any kind, or any inducement whatever intended to be in the nature of a rebate of premium; nor shall any person knowingly receive as such inducement any such rebate of premium or other such special favour, advantage, benefit, consideration or inducement; nor shall any such company or any officer, agent, solicitor or representative thereof give, sell or purchase as such inducement, or in connection with such insurance, any stocks, bonds, or other securities of any insurance company or other corporation, association or partnership.

2. Each company shall deposit and keep deposited with the Superintendent a copy of its established rates for all plans of insurance, such rates in the ordinary branch, as distinguished from the industrial branch, being based upon an insurance of one thousand dollars, and shall be applicable to insurance for that amount and *pro rata* for greater amounts.

3. This section shall not apply to re-insurance contracts nor to acts done in pursuance of agreements made relative to policies issued prior to the passing of this Act.