

# THE INSURANCE CHRONICLE.

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## CANADA'S NEW INSURANCE BILL.

### Amendments of Sub-Committee Approved—Act Wants Now Only Ayes of Commons and Senate.

The sub-committee appointed by the Banking and Commerce Committee to consider the new Insurance Bill made its report to the main committee on Tuesday. The main committee accepted with practically no discussion whatever and with few changes or amendments all the amendments recommended by the sub-committee. The amendments were numerous, and gave evidence that the sub-committee had expended great care and much time over the Bill. The important changes in respect to the life insurance section are as follows:—

#### Phoenix Assurance Company.

Provision has been made to enable the Phoenix, which took over the business of the Pelican and British Empire, to transact a life insurance business in Canada. Under the existing Insurance Act it is not permissible for a company to transact two classes of insurance. In the case of the Phoenix, under its British charter it is so empowered; consequently it was necessary that special permission should be secured if the company desired to carry on its life business in Canada, and, as the Pelican and British Empire had an honorable career in this country, and likewise the Phoenix, it appeared only reasonable and proper that the sub-committee's recommendation be accepted.

#### Statement to Government.

Section 30 has been amended so as to permit a director appointed by the board, in the absence of the president, vice-president or managing director, to complete a company's annual statement to Government. Instead of quarterly statements being required, dealing with the purchase and sale of securities, etc., half-yearly statements only are called for. It has been further provided that the new schedules to contain the details of the companies' operations, shall first come into effect in respect to the business for the year 1910.

A statement not heretofore required from life companies is asked for, namely, a "Gain and Loss Exhibit," the object of which is to set forth the sources of the increase and decrease in the surplus of a company during the year. British companies are also required to furnish such statements; but where the periodical investigation of these companies does not take place each year such "Gain and Loss Exhibit" may be based upon an approximation. There are some life companies in Canada which do not transact an active life insurance business, merely collecting premiums and paying claims under old policies. In such cases the "Gain and Loss Exhibit" is not required.

#### Superintendent of Insurance.

Section 38 has been amended so as to provide for a duly qualified member of the staff of the Superintendent of Insurance to visit the head offices of companies to perform all the duties in connection with such visitation as is now required of the Superintendent. Provision has also been made so that the Superintendent may, in his discretion, embody in his annual report to the Minister of Finance the result of any inquiries which he may have made into the affairs of any company.

#### Amalgamations and Transfers.

In addition to all policyholders being furnished with statements and details in connection with any proposed amalgamation, transfer or re-insurance of one company's business with, or to, another company, such information

must also be furnished to each shareholder. A new subsection was added which provides that in the case of a reinsurance by a Canadian company of the business of a company which is not, and never has been, licensed to transact business in Canada, that is, some foreign company which has never operated in Canada, certain of the provisions of the section referring to the conditions under which amalgamations, transfers, or reinsurances may take place, shall not apply.

#### Limitations of Expenses, Agents' Remuneration, etc.

The most contentious clause in the old Insurance Bill has been entirely eliminated, namely, that known as 53, which provided for a limitation of expenses of a life company. When the subject of limitation of expenses was carefully analyzed and endeavored to be made applicable to all companies, a number of anomalies presented themselves; and after apparently much deliberation it was deemed practically impossible to frame a provision that would be equitable to all classes of companies in this connection. While the section has been stricken out, the Minister pointed out before the committee that in his opinion the gain and loss exhibit would probably be as effective a means of securing economy as the proposed limitation of expenses section.

Provision has been made for a company to make a sliding scale contract for commission with an agent for a term not less than one year, so as to provide for his remuneration reasonably based upon the volume of business of the agent for the year. Section 55 was also amended so as to permit the companies to make advances to agents for travelling expenses, and for the commissions on premiums for the first year of insurance, not in respect of renewal commissions. Section 56 was amended so that all remuneration to directors shall be first authorized by the shareholders, and so that all salaries to officers and to other employees, such as agents, etc., which in any year amounts to more than \$5,000, shall be first authorized by the directors.

#### Investments.

Section 59 has been amended by the deletion of the provision that in the case of foreign companies at least two-thirds of the investments required to be placed in the hands of trustees for the benefit of Canadian policyholders shall be in Canadian securities. This amendment has the effect of permitting foreign companies to continue the practice of placing in the hands of Canadian trustees such securities, whether Canadian or foreign, as are acceptable to the Treasury Board. Another change has been made by providing that all the provisions relating to investments shall not come into effect until the 1st of January, 1910. A few additional amendments relating to investments were also made, namely, that a company may purchase debentures of corporations which have been doing business for a term of not less than three years. The previous Bill stipulated that such company should have been carrying on business for at least five years. The requirement that no life company shall loan any of its funds to any director or officer of a company except on the security of the company's own policies, was also inserted.

#### Policies, etc.

Section 85 was amended so as to leave it optional for the company to embody in the policy the entire application or the material parts thereof. The old Bill required that the entire application should form part of the policy.

The circulation of estimates has been limited to Canada. In the previous Bill it was made general.