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No. 99.

1st Session, 2nd Parliament, 36 Victoria, 1873.

BILL.

An Act to incorporate The Canada Marine
Insurance Company.

PRIVATE BILL.

MR. DOMVILLE, M. P.

OTTAWA :

Printed by A. S. WOODBURN, Elgin Street.

1873.

An Act to incorporate the Canada Marine Insurance Company.

WHEREAS James Domville, Esquire, Hon. William Muirhead, Preamble.
 Senator, Hon. A. J. Smith, M. P., Robert Marshall and George
 McKean, Esquires, all of the city of St. John, New Brunswick; Hon.
 John Crawford, of Toronto, Ontario; and Adolphe P. Caron, Esq., M.
 5 P., of the city of Quebec, have by their petition prayed that they may
 be incorporated for the purpose of the carrying on the business of
 Marine, Inland Navigation and Transportation Insurance; and it is
 expedient to grant the prayer of their petition; Therefore, Her
 Majesty, by and with the advice and consent of the Senate and
 10 House of Commons of Canada, enacts as follows:—

1. There shall be established in the city of St. John, in the Incorpora-
Province of New Brunswick, an Insurance Company for Marine, tion.
Inland Navigation and Transportation risks, to be called the
"Canada Marine Insurance Company," with power to establish Insurance
15 agencies at any place in the Dominion of Canada, and elsewhere. powers.
2. The said Corporation shall have power, Marine risks.
 - (1.) To make Marine Insurance upon vessels, freights, goods,
 wares and merchandise, specie, bullion, commission profits, bank-
 notes, bills of exchange and other evidences of debt, bottomry and
 20 respondentia interests, and to make all and every insurance apper-
 taining to or connected with Marine or Inland Transportation risks.
 - (2.) To cause itself to be re-insured against any risk upon which Re-insur-
it has made or shall make insurance. ance.
3. The Corporate powers of the said Company shall be exercised Board of
25 by a Board of Trustees, and such Officers and Agents as the said Trustees and
Board may appoint. The Board of Trustees shall consist of not less Officers.
than sixteen persons nor more than twenty-four, all of whom must be
residents of the Dominion. They shall elect from among themselves
30 many as they may judge expedient, annually, who shall hold their
offices until others are elected in their stead; and the said Board of Quorum.
Trustees shall have power to declare by By-law what number of
Trustees less than a majority of the whole Board, shall be a quorum
for the transaction of business, and shall also have the power, from
35 time to time, to regulate, subject to the approval of the voters at the
ensuing annual meeting, the number of Trustees within the limits
above stated, who shall hold office subsequent to such regulations.
4. The Trustees of the said Corporation shall at their first meet- Term of office
ing divide themselves by lot into four classes of equal number, as of Trustees.
40 nearly as may be. The term of the first class shall expire at the end
of one year; the term of the second class shall expire at the end of
two years; the term of the third class shall expire at the end of three

Vacancies.

years; and the term of the fourth class shall expire at the end of four years. After the first election, as many Trustees shall be elected annually, for the term of four years, as may be necessary to replace the outgoing Trustees, and all vacancies in the Board of Trustees occasioned by death, resignation or removal from the Dominion of Canada, shall be filled by a choice to be made by the said Board of Trustees, by a plurality of votes. Trustees whose term has expired shall continue in office until others are elected in their stead, and Trustees going out shall be eligible as new Trustees. The provisions of the "Canada Joint Stock Companies Clauses Act, 1869," in reference to Directors of Companies to which it is applicable shall, so far as is compatible with the terms of this Act, apply to the Trustees of the Company hereby incorporated, who shall be subject to such provisions, especially as regards qualification, mode of election, and powers. Any such Trustee shall have the right to vote at any meeting of Trustees by proxy through the ministry of any other Trustee having the right to vote at such meeting. In the event of agencies being established, the Board of Trustees may appoint from their number, or other members of the Company, Local Boards of not less than three members for any such agency, and with such powers and privileges as regards such local agency not exceeding those of the general Trustees, as such general Trustees may determine, provided that the total profits to be allotted to all Trustees of the Company, general as well as local, shall not exceed the proportion of twenty per centum per annum, as hereinafter provided for.

25

Commissioners for organizing Company.

5. The said James Domville, Hon. William Muirhead, Hon. A. J. Smith, Robert Marshall, George McKean, John Crawford and Adolphe P. Caron are appointed Commissioners for the organization of the Company, who shall have the power from time to time, till the complete organization of the Company, to associate with themselves as additional Commissioners such persons as they may decide upon. It shall be their duty within two years from the passing of this Act, to open books to receive applications for insurance to be effected by the said Company, and as soon as applications amounting to \$500,000 shall be received to give notice to the persons who have made such application, of a meeting for the election of sixteen Trustees, and of three Scrutineers for the next election. Every person having so made a *bona fide* application for insurance shall be entitled to vote at the said election, and shall be eligible as a Trustee or Scrutineer, and there shall be one vote allowed to every such person for every \$5,000 of insurance so applied for.

First election of Trustees.

Votes.

Insurers shall be members.

Votes.

Insurers to pay rates on insuring which shall not be withdrawn.

6. Every person and every firm having taken a policy during the preceding year, and every person and firm holding a certificate of the Company not discharged by payment of losses, shall be a member of said Corporation, and entitled to one vote at all elections for every \$5,000 of insurance for which he has taken such policy, and for every \$100 for which he holds such certificate, and shall be eligible as Trustees and Scrutineers. Individual members shall vote either in person, or by proxy; and firms shall be represented and vote by one of the members thereof, or by the proxy of the firm. Every person or firm who shall become a member of the said Corporation by effecting insurance therein shall, the first time he or it effects insurance and before receiving the policy, pay the rates that shall be fixed upon and determined by the Trustees, and no premium so paid shall ever be withdrawn from the said Company, during the continuance of its charter, except upon special resolution of the Trustees.

7. After the first election, annual elections shall be held for the election of so many Trustees as may be necessary to replace the outgoing Trustees, and of three Scrutineers to hold the next election. Notice of the time and place of holding every such election shall be given, for two weeks preceding such election, in the *Canada Gazette* and two public newspapers printed in the said city of St. John.

8. The officers of the said Company shall, within one month after the expiration of one year from the day on which they shall have issued their first policy, and within the first month of every subsequent year, cause an estimate to be made, as near as may be, of the profits of the said Company during the preceding year, in which estimate the losses and expenses of the said Company for the year shall be deducted from the earnings of the said Company during the same year, arising as well from premiums as from the income derived from the investments; and the balance (if any) shall be deemed the amount of the net profits for such preceding year, which estimate shall be binding upon all persons entitled to receive certificates as hereinafter mentioned. The said officers shall thereupon credit on the books of the said Company the Trustees then in office with a sum equal to twenty per centum on the nett balance fixed as hereinbefore provided, which sum shall be apportioned in equal shares among the whole of such Trustees (exclusive of fractional parts of \$10, which fractional parts shall be disposed of as hereinafter provided), and shall thereupon issue to each of such Trustees a certificate declaring him to be entitled to a portion of the invested funds of the said Company, equal to the amount so credited to him, and also to the receipt annually, out of the interest or income derived by the Company from the investments of such profits, of interest on the amount of such certificate at a rate not exceeding six per centum per annum, and the interest to be so paid shall be considered a part of the expenses of said Company, but said certificate shall contain a proviso that the amount named therein is liable for any future losses of the Company, and after such credit and allotment shall have been made, the said officers shall thereupon further credit on the books of said Company each person or firm who shall have paid any premium to the said Company during the preceding year, with such proportion of the remainder of the said net balance (exclusive of fractional parts of ten dollars, as hereinafter mentioned), as the amount of earned premiums paid by such person or firm during such year and not returned, shall bear to the whole amount of earned premiums received, by the said Company during the said year (less returned premiums) and they shall issue to such person or firm a certificate declaring him or it to be entitled to a portion of the invested funds of the said Company equal to the amount so credited to him or it, and also to the receipt annually, out of the interest or income derived by the said Company from the investments of the said profits, of interest on the amount of such certificate at a rate not exceeding six per centum per annum, and such interest shall be a part of the expenses of the Company, but the said certificate shall contain a proviso that the amount named therein is liable for any future losses by the Company. No person or firm shall be credited with or receive a certificate for a share of profits less than ten dollars, and if such share shall exceed ten dollars, so much shall be deducted therefrom as will make it equal to the largest multiple of ten dollars contained therein; and all shares less than ten dollars, and the excess of the other shares over multiples of ten dollars, shall be passed to the contingent fund of the Company, and applied to the expenses and other charges of the subsequent year.

9. In case any person or firm entitled to a certificate shall be

indebted to the Company for sums past due and unpaid, the Company may withhold the certificate, and either deduct such indebtedness from the amount thereof, and reduce the certificate, or cancel the same, as the case may require.

Investment
of funds.

10. It shall be lawful for the said Company to invest its funds or 5 any part thereof in Dominion or Provincial stock or debentures, or in Municipal debentures; and in the stock of chartered banks, or the stock or debentures of incorporated companies; and to loan the same upon the security of such stocks and debentures, worth at least ten per centum more than the sum loaned thereon, or on hypothec or 10 mortgage on real estate in the Dominion of Canada worth fifty per centum more than the sum charged thereon.

Real estate
for use of
Company.

Power to
hold other
real estate in
certain cases.

11. The said Company shall have the right to acquire and hold real estate in the said city of St. John to the value of one hundred thousand dollars, in which it shall provide itself with the offices 15 necessary for the prosecution of its business; and the said Company, in addition to the above-mentioned real estate, may purchase and hold all real estate which it may require for offices or the purposes of its specific business wherever it may establish agencies, and also such other real estate on which it holds mortgages or hypothecs, which 20 which may be brought to forced sale, or it may take any real estate, with the approval of the majority of the Board of Trustees, in payment of any debt due to it in the course of its legitimate business; but the said Company shall sell real estate so purchased at forced sale, or taken in payment and not required for offices or the purposes of 25 of its specific business, within ten years after the same shall have been acquired, and the said Company shall not at any one time hold such real estate not required for offices or the purposes of specific business, to an extent exceeding in value, in the aggregate, the sum of \$100,000.

Limitation.

Redemption
of certificates
of shares of
profits.

12. Whenever the accumulation of the nett profits of the Com- 30 pany shall exceed \$500,000, the excess, or such part thereof as may seem fit to the majority of the Board of Trustees, may be applied and employed in redemption of outstanding certificates of profits, in whole or in part; but the certificates of a subsequent year shall not be redeemed until those of the preceding years are provided for; or in 35 the event of such accumulation, a distinction may be established in the subsequent balance profits of the Company for any year between such as are derived from earned premiums (not returned) in any such year, and such as are derived from the existing investments of the Company, and the certificates of profits to be issued for such year, as hereinbefore provided, shall only be issued to the extent of the 40 former class of such profits, and the amount of the latter class may be applied to the payment of interest on existing certificates to the extent to which the same will go, even though the amount of such interest shall exceed 6 per cent.

Redemption
on certifi-
cates in case
of loss.

13. In case that the expenses and the losses of any year should 45 exceed the receipts thereof, the officers of the Company shall declare a *pro rata* deduction of the amount of the outstanding certificates of profits, and shall debit the holders thereof on the books of the Company with their respective portions of such deduction, and the outstanding certificates shall thereupon be called in and new ones issued in their stead, less the proper reduction.

Certificates
to be person-
ally.

14. All certificates of profits and interest in the Company shall 50 be deemed personal property; and may be transferred in such manner as the Trustees may regulate by by-law.

15. Suits at law or in equity may be prosecuted and maintained by any member of the Corporation against the same; and no member of the Corporation not being in his individual capacity a party to such suit shall be incompetent as a witness in it or in any suit by or against the Corporation.

* 16. On same day in the first month, after the expiration of the first year from the time when the said Company shall issue its first policy, and within the first month of every subsequent year, the officers of the said Company shall cause to be made and printed a general balance statement of the affairs of the said Company which shall contain :—

- (a.) The amount of premiums received during the previous year, and specifying what amount was received on marine risks, and what on inland transportation and navigation risks;
- 15 (b.) The amount of the expenses of the said Company during the year;
- (c.) The amount of losses incurred during the year, specifying what amount of losses have been incurred by Marine risks, and what on inland transportation and navigation risks;
- 20 (d.) The balance remaining with the said Company;
- (e.) The amount of the accumulation of nett profits, and the nature of the security in which the same is invested, specifying what amount is invested in real estate in the said city of St. John, what in real estate out of the said city of St. John, specifying specially where,
- 25 what on mortgage and hypothec, what in stocks and debentures, and what amount of cash on hand.

17. The above mentioned general balance statement shall be published for one week in the *Canada Gazette* and in two newspapers printed in the said city of St. John, and a printed copy shall be delivered to each member on request.

18. With a view to afford due security to the policy holders, until the accumulation of profits have formed a reserve fund of \$100,000 the Board of Trustees shall raise a "Guarantee Fund" of \$100,000, which shall be invested in the manner provided for the investment of the funds of the Company, and shall be liable for the payment of losses. The said Guarantee Fund shall be raised by subscription in shares of \$1000, numbered consecutively, and shall be paid in such instalments as the Board of Trustees may resolve; and each year the nett profits, after the same have been apportioned as hereinbefore provided, shall be applied in repayment of the said Guarantee Fund, repaying each year such number of shares as the amount will allow, to be chosen by lot, and passing any balance less than a share of the contingent fund. The subscribers to the said Guarantee Fund shall be entitled to interest at the rate of seven per centum per annum; and certificates shall be issued to them for their respective shares. The shares shall be transferable, and every holder thereof shall be a member of the Company, and shall have one vote for each share held; and should such holder be a member as the holder of a policy or a certificate of profits, he shall be entitled to such vote or votes for shares in the Guarantee Fund, in addition to his vote as an ordinary member. Until the Guarantee Fund be wholly refunded, at least four of the Trustees shall be taken from the holders of the shares thereof; and the President and two of the members of the Executive Committee shall be elected from the Trustees who are the holders of such shares.