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No. 68.

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

BILL.

An Act to incorporate The Insurance
Company of Canada.

PRIVATE BILL.

MR. RYAN.

OTTAWA :

Printed by I. B. TAYLOR, 29, 31, and 33, Rideau Street:

1873.

An Act to incorporate the Insurance Company of
Canada.

WHEREAS the Hon. Sir Francis Hincks, Theodore Hart, Preamble.
Henry Judah, Andrew Allan, and Hector McKenzie, have
by their petition prayed that they may be incorporated for the pur-
pose of carrying on the business of Marine, Inland Navigation and
5 Transportation, and Fire 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 House of Commons of
Canada, enacts as follows:—

1. There shall be established in the city of Montreal, an Insur- Incorporation.
10 ance Company for Marine, Inland Navigation and Transportation,
and Fire risks, to be called "*The Insurance Company of Canada.*" Insurance
powers.
Marine risks.
2. The said Corporation shall have power,
(1.) To make Marine Insurance upon vessels, freights, goods,
15 wares and merchandise, specie, bullion, commission profits, bank-
notes, bills of exchange and other evidences of debt, bottomry and
respondentia interests, and to make all and every insurance apper-
taining to or connected with Marine or Inland Transportation
risks.
- 20 (2.) To make insurance on dwelling houses, stores, and other Fire risks.
buildings, household furniture, merchandise and other property
against loss or damage by fire; and
- (3.) To cause itself to be re-insured against any risk upon which Re-insurance.
it has made or shall make insurance.
- 25 3. The Corporate powers of the said Company shall be exercised Board of
by a Board of Trustees, and such Officers and Agents as the Trustees and
said Board may appoint. The Board of Trustees shall consist of officers.
30 sixteen persons, all of whom must be inhabitants of the District of
Montreal; they shall elect from among themselves a President and a
Vice-President, and an executive committee of three, annually, who
shall hold their offices until others are elected in their stead; and
the said Board of Trustees shall have power to declare by a By- Quorum.
law, what number of Trustees, less than a majority of the whole
Board, shall be a quorum for the transaction of business.
- 35 4. The Trustees of the said Corporation shall at their first Term of office
meeting divide themselves by lot into four classes of four each. of Trustees.
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 years; and
40 the term of the fourth class shall expire at the end of four years.
After the first election, four Trustees shall be elected annually, for
a term of four years; and all vacancies in the Board of Trustees Vacancies.
occasioned by death, resignation or removal from the District of

Montreal, 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.

Commissioners for organizing Company.

5. The Hon. Sir Francis Hincks, Theodore Hart, Henry Judah Andrew Allan, and Hector McKenzie, all of the City of Montreal, are appointed Commissioners for the organization of the Company. 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 applications, of a meeting for the election of sixteen Trustees, and of three Scrutineers for the next election. Every person having so made application for insurance shall be entitled to vote at the said election, and shall be eligible as a Trustee or Scrutineer.

First election of Trustees.

Votes.

Insurers shall be members.

Votes.

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

Elections after the first notice.

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 the said Corporation, and entitled to vote at all elections, and 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, but shall be liable to all the losses and expenses incurred by the said Company, during the continuance of its charter.

Yearly nett profits to be ascertained.

7. After the first election, annual elections shall be held for the election of four Trustees, and of three Scrutineers to hold the next election. Notice of the time and place of holding every election shall be given, for two weeks preceding such election, in two public newspapers, printed in the city of Montreal, the one in the English, and the other in the French language.

And each member credited with his proportion thereof.

Certificate of such proportion, and its contents.

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 each person or firm who shall have paid any premium to the said Company during the preceding year, with such proportion of the said nett 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 an interest not exceeding six per centum per annum, 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.

As to portions less than ten dollars.

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.

Members indebted to the Company.

10. It shall be lawful for the said Company, to invest its funds or 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 mortgage on real estate in the Dominion of Canada worth fifty per centum more than the sum charged thereon.

Investment of funds.

11. The said Company shall have the right to acquire and hold real estate in the city of Montreal to the value of one hundred thousand dollars, in which it shall provide itself with the offices 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 on which it holds mortgages or hypothecs, 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 such real estate, either so purchased or so taken in payment, within ten years after the same shall have been acquired, and the said Company shall not at any one time hold such real estate to an extent exceeding in value, in the aggregate, the sum of \$100,000.

Real estate for use of Company.

Power to hold other real estate in certain cases.

Limitation.

12. Whenever the accumulation of the nett profits of the Company 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 all those of preceding years are provided for.

Redemption of certificates of shares of profits.

13. In case that the expenses and the losses of any year should 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 portion of such deduction, and the outstanding certificates shall thereupon be called in and new ones issued in their stead, less the proper reduction.

Redemption on certificates in case of loss.

14. All certificates of profits and interest in the Company shall be deemed personal property.

Certificates to be personal property.

Suits between members and the Company.

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. 5.

Yearly statement of affairs and what it shall show.

16. On some 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 :— 10.

(a.) The amount of premiums received during the previous year, and specifying what amount was received on fire risks, what 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 fire risks, what on 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 city of Montreal, what in real estate out of the city of Montreal; what on mortgage and hypothec; what in stocks and debentures; and what amount of cash is on hand. 25.

Publication of statement.

17. The above mentioned general balance statement shall be published for one week in two public newspapers printed in the city of Montreal, the one in the English, and the other in the French language; and a printed copy shall be delivered to each member on request. 30.

Guarantee Fund, how raised and invested.

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, it shall be lawful for the Board of Trustees, if the majority thereof see fit, to 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 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 to 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 transfer- 35.

Repayment thereof.

Interest to subscribers.

Shares therein and rights of shareholders. Votes.

To be represented by Trustees.

able, 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. 40.

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. 45.

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