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No. 86.

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4th Session, 8th Parliament, 62 Victoria, 1899

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BILL.

An Act to further amend the Insurance  
Act.

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First reading, April 26, 1899.

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MR. FIELDING.

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OTTAWA

Printed by S. E. Dawson

Printer to the Queen's most Excellent Majesty.  
1899

## An Act to further amend the Insurance Act.

HER Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Sections 6A. and 6B. added to *The Insurance Act* by sections 2 and 3 of chapter 20 of the statutes of 1894, are hereby repealed and the following substituted therefor: provided that the sections so substituted shall not interfere with the renewal of licenses heretofore granted:—

R.S.C., 124,  
new sections  
6A and 6B.

“6A. In this section,—

Interpreta-  
tion.

10 “(a) ‘Guarantee Insurance’ means the guaranteeing the fidelity of persons in positions of trust;

“Guarantee  
insurance.”

“ (b) ‘Accident Insurance’ means insurance against bodily injury and death by accident, including the liability of employers for injuries to persons in their employment;

“Accident  
insurance.”

15 “(c) ‘Plate Glass Insurance’ means insurance against the breakage of plate or other glass either local or in transit.

“Plate glass  
insurance.”

“ (d) ‘Steam Boiler Insurance’ means insurance against loss or damage to the life, person or property of the insured or of another for which the insured is liable, caused by the explosion of steam boilers;

“Steam-boiler  
insurance.”

20 “(e) ‘Inland Transportation Insurance’ means insurance against loss or damage to goods, wares, merchandise or property of any kind, including matter transmitted by mail, in transit otherwise than by water, from place to place in Canada;

“Inland  
transportation  
insurance.”

25 “(f) ‘Sickness Insurance’ means insurance against loss through illness not ending in death, or disability not arising from accident or old age;

“Sickness  
insurance.”

“ 2. A license shall not be granted to a company to carry on the business of life insurance in combination with any other branch of insurance.

Classes of  
insurance  
business that  
may or may  
not be done  
together.

30 “ 3. A license may be granted to a company to carry on the four following classes of insurance, viz.: fire insurance, inland marine insurance, inland transportation insurance, and cyclone or tornado insurance, or any one or more of the said classes.

35 “ 4. A license may be granted to a company to carry on any two of the classes of insurance mentioned in subsection 1 of this section.

“ 5. A license may, on the report and recommendation of the Superintendent approved by the Treasury Board, be granted to a company:—

40 “(a) To carry on accident insurance and sickness insurance and also one other class of insurance, or—

“ (b) To carry on any class or classes of insurance not herein-  
before in this section mentioned; but no such license shall be  
5 granted for more than two such classes of insurance, or—

“(c) To carry on any of the classes of insurance hereinbefore in this section mentioned and also one other class of insurance not in this section mentioned.

“6. Except as hereinbefore in this section provided, a license shall not be granted to a company to carry on more than two classes of insurance. 5

As to  
companies  
having wider  
field under  
charter.

As to  
companies  
incorporated  
elsewhere  
than in  
Canada.

“6B. A license shall not be granted to a company which is by its charter authorized or empowered to carry on classes or branches of insurance greater in number or variety than those for which a license could be granted under the provisions of 10 the next preceding section. Provided, however, that any company incorporated elsewhere than in Canada, regardless of its charter powers, which has a paid-up capital, in the case of a company authorized to transact among other classes of business the business of fire insurance, of at least three hundred 15 thousand dollars, and in the case of any other company, of at least one hundred thousand dollars, wholly unimpaired, and in addition to such paid-up capital holds over and above all liabilities estimated according to the existing Dominion Government standard, a rest or surplus fund 20 equal to at least twenty per cent of such paid-up capital, and the market value of whose stock is at a premium of at least twenty per cent, and which has carried on successfully, for a period of at least five years, the business for which a license is sought, being only one class of insurance, or if more 25 than one then such classes as may be combined under the provisions of the next preceding section, shall be deemed eligible for and entitled to such license, upon depositing, keeping and maintaining assets in Canada as defined by subsections 2 and 3 of section 10 of this Act, over and above and in 30 excess of the amount which would be required if such company's charter powers were limited to the purposes for which such license is asked, to such an amount as the Treasury Board, on the report of the Superintendent, fixes or determines, such excess not being in any case more than two hundred thou- 35 sand dollars, and not being less, in the case of a company applying for a license to transact fire insurance or life insurance, than fifty thousand dollars, and in the case of any other company, than ten thousand dollars. Provided further, that a license may, upon the terms and conditions and subject to the 40 limitations with regard to the depositing and maintaining of excess assets in the preceding proviso contained, be granted to a company, which, while not in all respects complying with the requirements of the said proviso, does not materially fall short thereof in any essential particular.” 45

Section 20  
amended.

2. Subsection 8 of the section substituted for section 20 of the said Act by section 8 of chapter 20 of the statutes of 1894 is hereby repealed.

Section 25  
amended.

3. Subsection 10 of section 25 of the said Act is hereby repealed and the following substituted therefor:— 50

Valuation of  
life insurance  
policies every  
five years.

“10. (a.) Once in every five years or oftener, at the discretion of the Minister, the Superintendent shall himself value, or procure to be valued under his supervision, all the policies of life insurance of Canadian companies and the Canadian policies 55 of life insurance of companies other than Canadian companies

licensed under this Act to transact the business of life insurance in Canada; and such valuation shall, until the first day of January, 1907, as to policies issued prior to the first day of January, 1900, and bonus additions or profits accrued or declared in respect thereof, be based on the mortality table of the Institute of Actuaries of Great Britain, and on a rate of interest of four and one-half per cent per annum, and as to policies issued on or after the said last mentioned date and bonus additions or profits accrued or declared in respect thereof, shall be based upon the said mortality table and a rate of interest of three and one-half per cent per annum; provided that, on and after the said first day of January, 1907, the basis of valuation last mentioned shall be applicable to all such policies and bonus additions or profits accrued or declared in respect thereof. In this and the next succeeding paragraph of this subsection the word "policies" includes annuity contracts, provided however that in the valuation of annuity contracts the table of mortality experience of (British) Government Life annuitants may be used instead of the table of the Institute of Actuaries in paragraph clause mentioned.

Basis of valuation.

Interpretation.

"(b.) If it appears to the Superintendent that the liabilities of any Canadian life insurance company, including matured claims and the full reserve or reinsurance value for outstanding policies estimated or computed on the basis mentioned in the next preceding paragraph of this subsection, exceeds its assets, he shall report the fact to the Treasury Board, and the Treasury Board, after full consideration of the matter and after a reasonable time has been given to the company to be heard by them, may,

If liabilities of Canadian life insurance company exceed assets, license may be withdrawn.

"(i.) Forthwith withdraw the company's license, or  
 "(ii.) Upon such terms and conditions as they deem proper, limit a time, not exceeding one year, within which such company shall make good the deficiency (the company's license being continued in the meantime), and upon the company's failure to make good such deficiency within the time so limited, its license shall be withdrawn: Provided, however, that if the company's liabilities exceed its assets by twenty per cent or upwards its license shall be forthwith withdrawn.

"(c.) For the purpose of carrying out the provisions of the next preceding paragraph of this subsection the Treasury Board may, upon the recommendation of the Minister, appoint such actuaries, valuers or other persons as they deem proper to value and appraise the company's liabilities and assets and report upon its condition and its ability, or otherwise, to meet its engagements.

Treasury Board may appoint valuers.

"(d.) The provisions of paragraph (b) of this subsection shall prevail in any case where there appears to be a conflict between it and subsection 1 of section 10 of this Act."

Rule of construction.

4. The section substituted for section 35 of the said Act by section 12 of chapter 20 of the statutes of 1894 is hereby repealed and the following substituted therefor:—

New section 35.

"35. This section shall apply to all the policies of Canadian companies and to all Canadian policies of companies other than Canadian companies.

Application...

"2. In computing or estimating the reserve necessary to be held in order to cover its liability to policy-holders, each company may, until the first day of January 1907, as to policies

Computation by company of reserve for covering

liabilities to  
policy-  
holders.

When  
Minister  
may order  
re-computa-  
tion.

Costs.

Computation  
by superinten-  
dent at compa-  
ny's request.

Interpreta-  
tion.

New section  
50.

Existing  
powers not  
affected.

Investment of  
funds of life  
insurance  
company.

issued prior to the first day of January 1900, and bonus additions or profits accrued or declared in respect thereof, employ any of the standard tables of mortality as used by it in the construction of its tables and any rate of interest not exceeding four and one-half per cent per annum, and as to policies issued on or after said last mentioned date and bonus additions or profits accrued or declared in respect thereof, may employ any such standard table of mortality and any rate of interest not exceeding three and one-half per cent per annum, and on and after the said first day of January 1907, may, as to all its policies in this section referred to and bonus additions or profits accrued or declared in respect thereof, employ any of such standard tables of mortality and any rate of interest not exceeding three and one-half per cent per annum; but if it appears to the Superintendent that such reserve falls below that computed on the basis stated in subsection 10 of section 25 of this Act, he shall so report to the Minister, who may thereupon direct the Superintendent to compute, or to procure to be computed under his supervision, the reserve on the basis therein mentioned, and the amount so computed, if it differs materially from the return made by the company, may be substituted in the annual statement of assets and liabilities; and in such case the company shall furnish to the Superintendent, on application, the full particulars of each of its policies necessary for such computation, and shall pay to the Superintendent an amount at the rate of three cents for each policy or bonus addition so computed, which amount he shall pay over to the Minister.

"3. Any company, instead of itself computing or estimating the reserve above mentioned, may require it to be computed by the Superintendent on the basis stated in the said subsection 10 of section 25 of this Act, on payment of a like amount as is mentioned in the next preceding subsection.

"4. In this section the word 'policies' includes annuity contracts, and the expression 'policy-holders' includes the holders of annuity contracts."

5. The said Act is hereby amended by adding thereto the following section: provided that nothing therein contained shall be construed to diminish, impair, or in any way take away or limit any power of lending or investing now possessed by any company therein mentioned or referred to:—

"50. Any life insurance company which derives its corporate powers, or any of them, from an Act of the Parliament of Canada, or which is within the legislative power of the Parliament of Canada, may invest its funds, or any portion thereof, in the purchase of—

"(a.) The debentures, bonds, stocks or other securities of Canada, or of any province of Canada, or of any municipal or public school corporation in Canada, or

"(b.) The debentures of any building society, loan or investment company, water works company, gas company, street railway company, electric light or power company, telegraph or telephone company, or electric railway company, every such society or company being incorporated in Canada, or

"(c.) Life or endowment policies issued by the company, or by any other life insurance company, or

"(d.) The public consols, stocks, bonds, debentures or other securities, of the United Kingdom; or of any colony or dependency thereof, or of the United States or of any State thereof, or

"(e.) Ground rents and mortgages on real estate in any province of Canada, or

"(f.) Any securities accepted by the Treasury Board as deposits from insurance companies under this Act.

10 "2. Any such life insurance company may lend its funds or any portion thereof, on the security of

"(a.) Any of the bonds, stocks, debentures or securities mentioned in the preceding subsection; or

15 "(b.) Paid up shares of any company mentioned in paragraph (b.) of the next preceding subsection: Provided that any loan on the security of any such shares shall not exceed ninety per cent of the market value of such shares, or

"(c.) Real estate or leaseholds for a term or terms of years or other estate or interest in real property in any province of 20 Canada, or

"(d.) The stock of any chartered bank in Canada, under and subject, however, to such regulations as are from time to time made by order of the Treasury Board.

25 "3. Any such life insurance company may invest in foreign securities, or deposit outside of Canada, such portion of its funds as is necessary or desirable for the maintenance of any foreign branch: Provided that such investment or deposit, when not required by the law of the country where such branch is established, but deemed desirable in the interest of such 30 branch, shall not exceed one hundred thousand dollars, Canadian currency.

Investment for maintenance of foreign branch.

35 "4. Any such life insurance company doing business in the United States, in the event of the reserve or reinsurance value upon its outstanding policies in force in the United States exceeding the amount which may be invested or deposited under the authority of the next preceding subsection, may invest a portion of its funds in the purchase of bonds or debentures of any of the States of the United States, or of any municipal corporation in the United States, or in mortgages on 40 real estate therein, or may lend it on the security of any such bonds, debentures or mortgages; but in such event the amount so invested or lent in the United States, including any sum invested or deposited under the authority of the next preceding subsection; shall not at any time exceed by over 45 ten per cent the said reserve or reinsurance value of its policies in force in the United States, such reserve to be calculated upon the basis prescribed in this Act.

In case of company doing business in United States.

50 "5. Any such life insurance company doing business in the United Kingdom, in the event of the reserve or reinsurance value upon its outstanding policies in force in the United Kingdom exceeding the amount which may be invested or deposited under the authority of subsection 3 of this section, may invest a portion of its funds in the purchase of bonds or debentures of any of the municipalities of the United Kingdom, 55 or mortgages on real estate therein, or may lend it on the security of any such bonds, debentures or mortgages; but in such event the amount so invested or lent in the United

Doing business in United Kingdom.

Kingdom, including any sum invested or deposited under the authority of subsection 3 of this section, shall not at any time exceed by over ten per cent the said reserve or reinsurance value of its policies in force in the United Kingdom, such reserve to be calculated on the basis prescribed by this Act. 5

Doing  
business  
outside of  
Canada  
elsewhere  
than in U. K.  
and U. S.

"6. Any such life insurance company which does business outside of Canada elsewhere than in the United Kingdom and the United States and also does business in the United Kingdom and the United States, in the event of the reserve or the reinsurance value upon its outstanding policies in force outside 10 of Canada exceeding the amount which may be invested or deposited under the authority of subsections 3, 4 and 5 of this section, may invest a further portion of its funds in the purchase of the bonds or debentures of any of the States of the United States or of any municipal corporations in the United 15 Kingdom or the United States, or mortgages on real estate in the United Kingdom or the United States, or may lend such further portion upon the security of any such bonds, debentures or mortgages; but in such event the total amount so invested or lent outside of Canada under the authority of the said 20 subsections 3, 4 and 5 and of this subsection, shall never exceed by over ten per cent. the said reserve upon its said outstanding policies in force outside of Canada, such reserve to be calculated on the basis prescribed by this Act.

Investment  
of funds of  
other than  
life insurance  
companies.

"7. Any insurance company other than a life insurance 25 company which derives its corporate powers, or any of them, from an Act of the Parliament of Canada, or which is within the legislative power of the Parliament of Canada, may invest its funds, or any portion thereof, in the purchase of any of the bonds, stocks, debentures or other securities mentioned in subsection 1 30 of this section, except those mentioned in paragraph (c.) of the said subsection, or may lend its said funds, or any portion thereof, on the security of any of the bonds, stocks, debentures or other securities mentioned or referred to in subsection 2 of this section, except those mentioned in the said paragraph (c.) of 35 the said subsection 1 of this section; subject, however, to the terms and conditions in the said second subsection mentioned.

Collateral  
securities.

"8. Any company in this section mentioned may take any additional securities of any nature to further secure the repayment of any liability thereto, or to further secure the suffi- 40 ciency of any of the securities in or upon which such company is hereby authorized to invest or lend any of its funds.

Conditions  
of loans.

"9. Any loan in this section authorized to be made may be on such terms and conditions, and in such manner and at such times, and for such sums, and in such sums of repayment, 45 whether of principal or interest or principal and interest together, as the directors from time to time determine.

In whose  
name securi-  
ties may be  
taken.

"10. Such securities may be taken and accepted either in the name of the company or in the name of any officer of the company or other person in trust for the company." 50

New section  
51.

Existing  
powers not  
affected.

6. The said Act is hereby further amended by adding thereto the following section: provided that nothing therein contained shall be construed to diminish the period during which any such company may, by virtue of its present corporate powers, hold any parcel of real estate or any interest 55 therein.



- “51. Notwithstanding anything contained in its Act of incorporation or in any Act amending it, any insurance company which derives its corporate powers, or any of them, from an Act of the Parliament of Canada, or which is within the legislative authority of the said Parliament, may hold such real estate as is *bonâ fide* mortgaged to it by way of security, or conveyed to it in satisfaction of debts or judgments recovered: Provided that no parcel of land or interest therein, at any time acquired by such company and not required for its actual use and occupation, and not held by way of security, shall be held by such company or any trustee on its behalf, for a longer period than seven years after the acquisition thereof, but shall be absolutely sold and disposed of, so that such company shall no longer retain any interest therein, except by way of security; and any such parcel of land, or any interest therein, not within the exceptions hereinbefore mentioned, which has been held by such company for a longer period than seven years without being disposed of, shall be forfeited to Her Majesty for the use of Canada: Provided that the Treasury Board may extend the said period, from time to time, such extension or extensions not exceeding, in the whole, five years: Provided further, that no such forfeitures shall take effect or be enforced until the expiration of at least six calendar months after notice in writing from the Minister to such company of the intention of Her Majesty to claim such forfeiture; and it shall be the duty of such company to give the Minister, when required, a full and correct statement of all lands at the date of such statement held by the company, or in trust for it, and subject to the said provisoes.”
- Power as to real estate.  
 Proviso: as to such estate not held for company's own use or as security.  
 Extension of time for sale thereof.  
 Notice of forfeiture.  
 Statement of such estate to be furnished by company.
- 30 7. The said Act is hereby further amended by adding thereto the following section:—
- “52. Notwithstanding anything contained in its Act of incorporation, any insurance company which derives its corporate powers, or any of them, from an Act of the Parliament of Canada, or which is within the legislative power of the said Parliament, may,
- “(a) if the company has no members other than shareholders entitled to vote, by by-law passed and approved of by the votes of shareholders, representing at least two-thirds in value of the subscribed capital of the company, represented at a special general meeting duly called for considering the by-law, or
- “(b) if the company has no shareholders, by by-law passed and approved of by the votes of two-thirds of the members present or represented at a special general meeting duly called for considering the by-law, or
- “(c) if the company has both shareholders and members entitled to vote, by by-law passed and approved of by at least two thirds of the votes cast by such shareholders and members at a special general meeting duly called for considering the by-law,
- “change the head office of such company from any place in Canada to any other place in Canada.”
- New section 52.  
 Change of head office by by-law.