

No. 53.

3rd Session, 8th Parliament, 61 Victoria, 1898

BILL.

An Act to incorporate the Prudential
Life Assurance Company of Canada.

First reading, March 7th, 1898.

(PRIVATE L.)

Mr. BAIN.

OTTAWA

Printed by S. E. DAWSON

Printer to the Queen's most Excellent Majesty
1898

An Act to incorporate the Prudential Life Assurance
Company of Canada.

WHEREAS the persons hereinafter named have, by their Preamble.
petition, prayed to be incorporated for the purposes here-
inafter set forth, and it is expedient to grant the prayer of the
said petition: Therefore Her Majesty, by and with the advice
5 and consent of the Senate and House of Commons of Canada,
enacts as follows:—

1. Henry O'Hara, John C. Copp, J. K. Stewart, C. McGill, Incorporation.
John Gowans, H. R. O'Hara and Matthew Riddell, all of the
city of Toronto, together with such persons as become share-
10 holders in the company hereby incorporated, are hereby con-
stituted a body corporate under the name of "The Prudential
Life Assurance Company of Canada," hereinafter called "the
Company."

2. The Company may effect contracts of life insurance with Business of Company.
15 any person, and may grant, sell or purchase annuities, grant
endowments, and generally carry on the business of life insur-
ance in all its branches and forms.

3. The capital stock of the Company shall be one million Capital stock.
dollars, divided into shares of one hundred dollars each.

20 4. The persons named in section 1 of this Act, together with Provisional directors.
such persons, not exceeding six, as they associate with them,
shall be the provisional directors of the Company, a majority
of whom shall be a quorum for the transaction of business,
and they may forthwith open stock books, procure subscrip-
25 tions of stock for the undertaking, make calls on stock sub-
scribed, and receive payments thereon, and shall deposit in a
chartered bank in Canada all moneys received by them on
account of the Company, and withdraw the same for purposes
only of the Company, and may do generally what is necessary
30 to organize the Company. Organization of Company.

5. So soon as two hundred and fifty thousand dollars of the Election of directors.
capital stock of the Company have been subscribed, and ten
per cent of that amount paid into some chartered bank in
Canada, the provisional directors shall call a meeting of the
35 shareholders of the Company, at some place to be named, in
the city of Toronto, at which general meeting the shareholders
present or represented by proxy, who have paid not less than
ten per cent on the amount of shares subscribed for by them,
shall elect a board of directors.

- Qualification of directors. 2. No person shall be a director unless he holds in his own name and for his own use at least twenty-five shares of the capital stock of the Company, and has paid all calls due thereon and all liabilities incurred by him to the Company.
- Calls on stock. 6. The shares of the capital stock subscribed for shall be paid by such instalments and at such times and places as the directors appoint; the first instalment shall not exceed twenty per cent, and no subsequent instalment shall exceed ten per cent, and not less than thirty days' notice of any call shall be given: Provided that the Company shall not commence the business of insurance until sixty-five thousand dollars of capital stock have been paid in cash into the funds of the Company to be appropriated only for the purposes of the Company under this Act: Provided further, that the amount so paid in by any shareholder shall not be less than ten per cent upon the amount subscribed by such shareholder.
- When business may be commenced. 10
- Number of directors. 7. The affairs of the Company shall be managed by a board of not less than seven nor more than twenty-five directors, of whom a majority shall be a quorum.
- Annual general meeting. 8. A general meeting of the Company shall be called once in each year after the organization of the Company and commencement of business, at its head office; and at such meeting a statement of the affairs of the Company shall be submitted by the directors. 20
- Head office. 9. Until otherwise determined by the directors, the head office of the Company shall be in the city of Toronto, but the directors may from time to time change the head office to some other place in Canada; and branches and sub-boards or agencies may be established either within Canada or elsewhere in such manner as the directors may from time to time appoint. 25
- Branches. 30
- Investment of funds. 10. The Company may invest its funds in or on the debentures, bonds or stocks or other securities of the Dominion of Canada or of any province of Canada or the securities of any municipal or school corporation in Canada, or the security of the stock, bonds or debentures of any incorporated building society, loan or investment company, water-works company, gas company, street railway company, electric light or power company, electric railway or street railway company, telegraph company incorporated in Canada, or of bank stock, or on the security of real estate or mortgage security thereon, or on the security of leaseholds for a term or terms of years or other estate or interest in real property or mortgage security thereon in any province of Canada or in or on policies issued by the Company, or by other companies, or in the purchase of ground rents and in or upon the stock, bonds or debentures of the United States or of any state thereof, or of any municipality in the United Kingdom or in the United States or any state thereof, or in, or on mortgages on real estate therein, (but the amount so invested in the United States shall not at any time exceed the reserve upon all outstanding policies in force in the United States, and the amount so invested in the United Kingdom shall not at any time exceed the reserve upon all 45 50

- outstanding policies in force in the United Kingdom, and such reserve in each case shall be calculated upon the basis prescribed by *The Insurance Act*,) and may change and re-invest the same as occasion may from time to time require;
- 5 and may take, receive and hold any of such securities in the corporate name of the Company, or in the name of trustees for the Company appointed by the directors, whether for funds invested by being advanced or paid in the purchase of such securities or loaned by the Company on the security of the said
- 10 debentures, bonds, stocks, mortgages or other securities as aforesaid; such loans to be on such terms and conditions and in such manner and at such times and for such sums and in such sums of re-payment, whether of principal or interest, or principal and interest together and at such interest and return
- 15 as the board of directors may from time to time determine and direct, and taken either absolutely or conditionally or as collateral security, or taken in satisfaction of debts due to the Company, or judgments recovered against any person or corporation in its behalf, or in security for the payment of the same
- 20 or of any part thereof; provided that the Company may take any additional security of any nature to further secure the re-payment of any liability to the Company or to further secure the sufficiency of any of the securities upon which the Company is above authorized to lend any of its funds.
- 25 2. The Company shall not be subject to liability as a shareholder with respect to any stock, other than bank stock, held by the Company as security for any debt due to the Company, but the person pledging such stock shall be considered as holding it, and shall be liable as a shareholder accordingly. Liability of Company as a stockholder.
- 30 11. The Company may invest or deposit such portion of its funds in foreign securities as is necessary for the maintenance of any foreign branch. Foreign securities.
12. The Company may hold such real estate as is bona fide mortgaged to it by way of security or conveyed to it in satisfaction of debts or of judgments recovered; provided always that all real estate so mortgaged or conveyed in security as aforesaid and acquired by the Company, shall be sold and disposed of within seven years from the time of its becoming the absolute property of the Company, otherwise it shall revert to the previous owner or to his heirs or assigns. Power to hold real estate. Proviso.
- 35 13. The Company may also acquire, hold, alienate, convey and mortgage any real estate required in part or wholly for the use and accommodation of the Company, but the annual value thereof in any province of Canada shall not exceed five thousand dollars, except in the province of Ontario, where it shall not exceed ten thousand dollars. Real estate required for Company's use.
- 45 14. The directors may, from time to time, set apart such proportion of the net profits as they shall deem safe and proper, for distribution as dividends or bonuses to shareholders and holders of participating policies, ascertaining the part thereof which has been derived from participating policies, and distinguishing such part from the profits derived from other sources; and the holders of participating policies shall be Dividends.
- 50

entitled to share in that portion of the profits so set apart, which has been so distinguished as having been derived from participating policies to the extent of not less than ninety per cent thereof; but no dividend or bonus shall at any time be declared or paid out of estimated profits, and the portion of such profits which remains undivided upon the declaration of a dividend shall never be less than one-fifth of the dividend declared. 5

Rights of certain policy holders.

15. Whenever any holder of a policy, other than a term or natural premium policy, shall have paid three or more annual premiums thereon, and shall fail to pay any further premium, or shall desire to surrender the policy, the premiums paid shall not be forfeited, but he shall be entitled to receive a paid-up commuted policy for such sum as the directors may determine, such sum to be ascertained upon principles to be adopted by by-laws, or the directors may pay a sum as a cash surrender value in lieu of such paid-up commuted policy, provided he shall demand such paid-up commuted policy while the original is in force, or within six months after his failure to pay a premium thereon. 10 15 20

Holders of participating policies.

16. The Company may agree to give to holders of participating policies the right to attend and vote in person at all general meetings of the Company; and if the Company so determines then all persons who are actual holders of policies from the Company, whether such persons are shareholders of the Company or not, and who are by the terms of their policies entitled to participate in profits and are referred to in this Act as holders of participating policies, shall be members of the Company and be entitled to attend and vote in person at all general meetings of the Company, except at those called for the purpose of increasing the capital stock of the Company (and shall not be entitled to vote by way of confirmation or against the confirmation of any by-law for the increase, issue, allotment or sale of capital stock of the Company); and every holder of a participating policy of the Company for a sum not less than one thousand dollars shall be entitled to one vote, in person, for each one thousand dollars in his policy. 25 30 35

Husband or father holding participating policy.

2. A husband or father holding a participating policy on his life for the benefit of his wife or children shall be deemed a member of the Company. 40

Separate accounts for "sections."

17. The Company may maintain separate accounts of the business transacted by it, in the "Industrial," the "General," the "Abstainers" and the "Women's" sections, keeping the receipts and the expenditures distinct, each section sharing its own profits, and each section paying its own proper proportion of expenses; and the Company may establish a section on the principle of non-participation in profits—which shall be known as the "Non-Participating Section." 45

Non-participating section.

R.S.C., c. 124.

18. This Act, and the Company, and the exercise of the powers hereby conferred, shall be subject to the provisions of *The Insurance Act.* 50

19. Notwithstanding anything contained therein or in any other Act, *The Companies Clauses Act*, except sections 18 and 39 thereof, shall apply to the Company, and shall be incorporated with and form part of this Act in so far as it is not inconsistent with any of the provisions herein contained.