Canada. Laws, Statutes, etc.

Fourth Session, Twenty-Fourth Parliament, 9 Elizabeth II, 1960.

THE SENATE OF CANADA

BILL S-2.

An Act to incorporate Aurora Pipe Line Company.

Read a first time, Tuesday, 29th November, 1960.

The Honourable Senator THORVALDSON.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

24073-9

4th Session, 24th Parliament, 9 Elizabeth II, 1960.

THE SENATE OF CANADA

BILL S-2.

An Act to incorporate Aurora Pipe Line Company.

Preamble.

WHEREAS the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Incorporation.

Corporate name.

1. Kenneth Harrison Burgis, executive, David Carlton Jones, professional engineer, and Leonard Boyd Bannicke, barrister-at-law, all of the city of Calgary, in the province of Alberta, together with such other persons as become shareholders in the company are incorporated under the name of Aurora Pipe Line Company, hereinafter called "the Company".

Provisional directors.

2. The persons named in section 1 of this Act shall be the first directors of the Company.

Capital stock.

3. (1) The capital stock of the Company shall consist of

(*a*) seven hundred thousand common shares of the par value of ten dollars per share

(*b*) sixty thousand preferred shares of the par value of fifty dollars per share.

(2) The Company may by by-law

(*a*) provide for the issue of the preferred shares in one or more series with such preferences, privileges or other special rights, restrictions, conditions or limitations attaching to each series whether with regard to dividends, capital or otherwise as in the by-law may be declared, and

(*b*) subdivide or consolidate into shares of smaller or larger par value and reclassify into another or different series any unissued preferred shares and

amend, vary, alter or change any of the preferences, privileges, rights, restrictions, conditions or limitations which may have been attached to any unissued preferred shares:

Proviso.

Provided that no such by-law shall be valid or acted upon until it has been sanctioned by at least two-thirds of the votes cast at a special general meeting of the common shareholders of the Company duly called for considering the same and until a certified copy of such by-law has been filed with the Secretary of State.

(3) Except to the extent that such rights may be provided by any by-law enacted under subsection (2), the holders of preferred shares of any series shall not as such have the right to vote or to receive notice of or to attend any meeting of the common shareholders of the Company, but no change shall be made affecting the rights or privileges of the holders of issued and outstanding preferred shares of any series except by by-law duly enacted by the directors and sanctioned by the common shareholders in the manner set forth in subsection (2), nor shall such by-law have any force or effect unless or until it has been sanctioned by at least two-thirds of the votes cast at a special general meeting of the holders of the issued and outstanding preferred shares of such series duly called for considering the same, and a certified copy thereof has been filed with the Secretary of State.

(4) Ownership of preferred shares shall not qualify any person to be a director of the Company.

Head office and other offices.

4. (1) The head office of the Company shall be in the city of Calgary, in the province of Alberta, which head office shall be the domicile of the Company in Canada; and the Company may establish such other offices and agencies elsewhere within or without Canada as it deems expedient.

(2) The Company may, by by-law, change the place where the head office of the Company is to be situate.

(3) No by-law for the said purpose shall be valid or acted upon until it is sanctioned by at least two-thirds of the votes cast at a special general meeting of the shareholders duly called for considering the by-law and a copy of the by-law certified under the seal of the Company has been filed with the Secretary of State and published in the *Canada Gazette*.

Pipe lines legislation to apply. 1959, c. 46.

5. The Company shall have all the powers, privileges and immunities conferred by, and be subject to all the limitations, liabilities and provisions of the *National Energy Board Act*, and any other general legislation relating to pipe lines enacted by Parliament with respect to the transmission and transportation of oil and other liquid hydrocarbons.

Power to construct and operate pipe lines.

6. The Company, subject to the provisions of any general legislation relating to pipe lines for the transmission and transportation of oil and other liquid hydrocarbons which is enacted by Parliament, may

(*a*) within Canada in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia and in the Yukon and Northwest Territories and outside Canada construct, purchase, lease or otherwise acquire and hold, develop, operate, maintain, control, lease, mortgage, hypothecate, create liens or other security upon, sell, convey or otherwise dispose of and turn to account any and all extra-provincial and/or international pipe lines and all appurtenances relative thereto for gathering, transmitting, transporting, storing and delivering of any natural or artificial gas and oil or any products or by-products thereof or any of them; including pumping stations, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines; and buy or otherwise acquire, transmit, transport and sell or otherwise dispose of and distribute natural or artificial gas and oil and any products or by-products thereof; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and, subject to the Radio Act and any other statute relating to radio, own, lease, operate and maintain interstation radio communication facilities;

R.S., c. 233.

Power to hold land.

(*b*) purchase, hold, lease, sell, improve, exchange or otherwise deal in real property or any interest and rights therein legal or equitable or otherwise howsoever and deal with any portion of the lands and property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets and building sites for residential purposes or otherwise and may construct streets thereon and necessary sewerage and drainage systems and build upon the same for residential purposes or otherwise and supply any buildings so erected, or other buildings erected upon such lands, with electric light, heat, gas, water and other requisites, and lease or sell the same, upon such terms and subject to such conditions as appear requisite, either to its employees or to others; and

Ancillary powers.

(*c*) exercise as ancillary and incidental to the purposes or objects set forth in this Act, the powers following, unless such powers or any of them are expressly excluded by this Act, namely, the powers set forth in paragraphs (*a*) to (*bb*) inclusive of subsection (1) of section 14 of the *Companies Act*.

R.S., c. 53

Sections of the *Companies Act* to apply.

R.S., c. 53.

7. The provisions of subsections (7), (8), (9) and (10) of section 12 and sections 39, 40, 59, 62, 63, 64, 65, 91 and 94 of Part I of the *Companies Act* apply to the Company: Provided that wherever in the said subsection (10) of section 12 the words "letters patent" or "supplementary letters patent" appear, the words "Special Act" shall be substituted therefor.

Sections of the *Companies Act* not to apply.

8. Sections 162, 167, 184, 190, 193 and 194 of Part III of the *Companies Act* shall not be incorporated with this Act.

Company not to make a loan to shareholders or directors.

9. (1) The Company shall not make any loan to any of its shareholders or directors or give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of, or in connection with, a purchase made or to be made by any person of any shares in the Company: Provided that nothing in this section shall be taken to prohibit

Proviso.

(*a*) the making by the Company of loans to persons, other than directors, bona fide in the employment of the Company, with a view to enabling or assisting those persons to purchase or erect dwelling houses for their own occupation; and the Company may take, from such employees, mortgages or other securities for the repayment of such loans;

(*b*) the provision by the Company in accordance with any scheme for the time being in force, of money for the purchase by trustees of fully paid shares in the capital stock of the Company, to be held by, or for the benefit of, employees of the Company, including any director holding a salaried employment or office in the Company; or

(*c*) the making by the Company of loans to persons, other than directors, bona fide in the employment of the Company, with a view to enabling those persons to purchase fully paid shares in the capital stock of the Company, to be held by themselves by way of beneficial ownership.

(2) The powers under paragraphs (*b*) and (*c*) of subsection 1 of this section shall be exercised by by-law only.

(3) If any loan is made by the Company in violation of the foregoing provisions, all directors and officers of the Company making the same or assenting thereto, shall, until repayment of said loan, be jointly and severally liable to the Company and to its creditors for the debts of the Company then existing or thereafter contracted: Provided that such liability shall be limited to the amount of said loan with interest.

Proviso.

When redemption or purchase not a reduction of paid-up capital.

10. The redemption or purchase for cancellation of any fully paid preferred shares created by this Act or by by-law pursuant to the provisions of this Act, in accordance with any right of redemption or purchase for cancellation reserved in favour of the Company in the provisions attaching to such preferred shares, or the redemption or purchase for cancellation of any fully paid shares of any class, not being common or ordinary shares, and in respect of which the by-laws provide for such right of redemption or purchase, in accordance with the provisions of such by-laws, shall not be deemed to be a reduction of the paid-up capital of the Company, if such redemption or purchase for cancellation is made out of the proceeds of an issue of shares made for the purpose of such redemption or purchase for cancellation, or if,

(*a*) no cumulative dividends on the preferred shares or shares of the class in respect of which such right of redemption or purchase exists and which are so redeemed or purchased for cancellation are in arrears; and

(*b*) if such redemption or purchase for cancellation of such fully paid shares is made without impairment of the Company's capital by payments out of the ascertained net profits of the Company which have been set aside by the directors for the purposes of such redemption or of such purchase for cancellation, and if such net profits are then available for such application as liquid assets of the Company, as shown by the last balance sheet of the Company, certified by the Company's auditors, and being made up to a date not more than ninety days prior to such redemption or purchase for cancellation, and after giving effect to such redemption or purchase for cancellation;

and subject as aforesaid, any such shares may be redeemed or purchased for cancellation by the Company on such terms and in such manner as are set forth in the provisions attaching to such shares, and the surplus resulting from such redemption or purchase for cancellation shall be designated as a capital surplus, which shall not be reduced or distributed by the Company except as provided by a subsequent Act of the Parliament of Canada.

Commission on subscription.

11. The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares, bonds, debentures, debenture stock or other securities of the Company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares, bonds, debentures, debenture stock or other securities of the Company: Provided, however, that as regards shares, such commission shall not exceed ten per centum of the amount realized therefrom.

Proviso.

Fourth Session, Twenty-Fourth Parliament, 9 Elizabeth II, 1960.

THE SENATE OF CANADA

BILL S-3.

An Act to repeal certain Laws relating to the Signal Station at Halifax.

First reading, Friday, 2nd December, 1960.

Honourable Senator ASELTINE.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

24152-1

4th Session, 24th Parliament, 9 Elizabeth II, 1960.

THE SENATE OF CANADA

BILL S-3.

An Act to repeal certain Laws relating to the Signal Station at Halifax.

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

Repeal.

1. The following enactments, namely:

(*a*) An Act relating to the Signal Station at Halifax, being chapter 64 of the Statutes of Nova Scotia, 1857;

(*b*) An Act to amend the Act relating to the Signal Station at Halifax, being chapter 42 of the Statutes of Nova Scotia, 1861; and

(*c*) An Act respecting Signal Dues at Halifax, being chapter 66 of the Statutes of Canada, 1908;

are repealed.

Explanatory Note.

Under the provisions of the Acts mentioned in clause 1 of this Bill, a tax of five shillings (later one dollar) was levied on certain vessels entering the port of Halifax, to be applied towards defraying the expense of keeping up the signal station at Halifax.

The service in question is no longer being provided, and as the requirement to levy the tax is mandatory, it is proposed to repeal the enactments under which the tax is levied.

Fourth Session, Twenty-Fourth Parliament, 9 Elizabeth II, 1960.

THE SENATE OF CANADA

BILL S-4.

An Act to make Provision for the Disclosure of Information in respect of Finance Charges.

Read a first time, Wednesday, 14th December, 1960.

Honourable Senator CROLL.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

24170-3

4th Session, 24th Parliament, 9 Elizabeth II, 1960.

THE SENATE OF CANADA

BILL S-4.

An Act to make Provision for the Disclosure of Information in respect of Finance Charges.

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

Short title.

1. This Act may be cited as the *Finance Charges (Disclosure) Act.*

Definitions.

2. In this Act,

"credit".

(*a*) "credit" means any loan, residential mortgage, deed of trust, advance or discount, any conditional sales contract, any contract to sell or sale or contract of sale of property or services, either for present or future delivery, under which part or all of the price is payable after the transaction becomes legally binding; any rental-purchase contract; any contract or arrangement for the hire, bailment or leasing of property; any option, demand, lien, pledge or other claim against or for the delivery of property or money; any purchase, discount or other acquisition of or any credit upon the security of any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect;

"finance charges".

(*b*) "finance charges" means the total cost of the credit to the consumer thereof, and includes interest, fees, bonuses, service charges, discounts and any similar type of charge;

"person".

(*c*) "person" means any individual, partnership, association, business trust, corporation or unincorporated organization.

Explanatory Note.

The sole purpose of this bill is to require every person who carries on the business of extending credit to disclose in writing to the consumer of such credit the total cost thereof, expressed both as a lump sum and in terms of simple annual interest.

Offence and penalty.

3. Every person who carries on the business of extending credit and in the course of that business furnishes credit to another person is guilty of an offence punishable on summary conviction; unless, before the transaction becomes legally binding, he furnishes to that other person a clear statement in writing setting forth

(*a*) the total amount of the finance charges to be borne by that person in connection with the transaction; and

(*b*) the percentage relationship, expressed in terms of simple annual interest, that the amount of the finance charges bears to the outstanding principal obligation or unpaid balance under the transaction.

Non-recovery of finance charges.

4. Every person who carries on the business of extending credit and furnishes credit to another person without having complied with the requirements of section 3 shall not be entitled to recover from such other person any finance charges whatsoever on the outstanding principal obligation or on the unpaid balance under the transaction.

Fourth Session, Twenty-Fourth Parliament, 9 Elizabeth II, 1960–1961.

THE SENATE OF CANADA

BILL S-5.

An Act to amend the Canadian and British Insurance Companies Act.

First reading, Tuesday, 24th January 1961.

Honourable Senator ASELTINE.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24447–5

4th Session, 24th Parliament, 9 Elizabeth II, 1960-1961.

THE SENATE OF CANADA

BILL S-5.

An Act to amend the Canadian and British Insurance Companies Act.

R.S. c. 31; 1956, c. 28; 1957-58, c. 11.

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

1. Paragraph (*b*) of subsection (1) of section 2 of the *Canadian and British Insurance Companies Act* is repealed and the following substituted therefor:

"British company."

"(*b*) "British company" means any corporation incorporated under the laws of the United Kingdom or any other Commonwealth country including any political sub-division or dependent territory thereof, other than Canada or a province of Canada, for the purpose of carrying on the business of insurance;"

1957-58, c. 11, s. 1.

2. Subsection (3) of section 3 of the said Act is repealed and the following substituted therefor:

Provisions applicable to all companies.

"(3) Except as hereinafter otherwise provided, sections 15, 16A, 17, 26, 28, 41, 42, 43, 44, 45, 45A, 46 and Parts III to VII apply to every company irrespective of the date of incorporation."

3. (1) Subsection (7) of section 5 of the said Act is repealed and the following substituted therefor:

Calls on shares.

"(7) Shares of the capital stock subscribed for but not fully paid shall be paid by such instalments and at such times and places as the directors appoint but, except with the unanimous consent of the shareholders,

(*a*) the first instalment shall not exceed twenty-five per cent,

(*b*) no subsequent instalment shall exceed ten per cent, and

Explanatory Notes.

The purpose of this Bill is to make certain changes in the investment and other powers of Canadian insurance companies, to make changes, corresponding to the changes in the investment powers of Canadian companies, with respect to the classes of assets that may be held in Canada by British insurance companies to cover their liabilities in Canada, and to effect a number of substantially technical changes that have, in the course of the administration of the Act, proved to be desirable.

Clause 1: This amendment would ensure that companies incorporated in countries that are within the Commonwealth may be registered under the Act. The change is required by reason of changes that have taken place in the structure of the Commonwealth.

Paragraph (*b*) at present reads as follows:

"(*b*) "British company" means any corporation incorporated under the laws of the United Kingdom *of Great Britain and Northern Ireland or any British Dominion or possession* other than Canada, *Newfoundland* or a province of Canada, for the purpose of carrying on the business of insurance;"

Clause 2: The purpose of this amendment is to make section 28, dealing with the calling of special general meetings, and section 45A, dealing with borrowing powers of insurance companies, applicable to all companies, regardless of the date of their incorporation.

Subsection (3) at present reads as follows:

"(3) Except as hereinafter otherwise provided, sections 15, 16A, 17, 26, 41, 42, 43, 44, 45, 46 and Parts III to VII apply to every company irrespective of the date of incorporation."

Clause 3: (1) This amendment would enable shareholders, by unanimous consent, to waive the requirement that unpaid subscriptions for capital stock be called up only in instalments.

Subsection (7) at present reads as follows:

"(7) 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-five per cent and no subsequent instalment shall exceed ten per cent, and not less than thirty days' notice of any call shall be given."

(*c*) not less than thirty days' notice of any call shall be given."

(2) Subsections (9) and (10) of section 5 of the said Act are repealed and the following substituted therefor:

Annual meeting.

"(9) A general meeting of the company shall be held in Canada either at its head office or elsewhere once in each year after the organization of the company and the commencement of business, and at such meeting a statement of the affairs of the company shall be submitted.

Reinsurance.

(10) The company may cause itself to be reinsured against any risk undertaken by it, and may reinsure any other insurer against any risk undertaken by such other insurer if the risk is of a class of insurance that the company is registered to transact."

4. (1) Subsection (1) of section 6 of the said Act is repealed and the following substituted therefor:

"Life company" defined.

"**6.** (1) In this section, the expression "life company" means a company registered to transact the business of life insurance."

1957-58, c. 11, s. 2.

(2) Subsection (3) of section 6 of the said Act is repealed and the following substituted therefor:

Qualifications of directors.

"(3) No person is eligible to be elected, or to be, an ordinary director or a shareholders' director unless he holds in his own name and for his own use and absolutely in his own right shares in the capital stock of the company either to the amount of at least two thousand five hundred dollars or on which at least five hundred dollars has been paid as capital or credited as capital and, in either case, has paid in cash all calls due thereon and all liabilities incurred by him to the company, other than liabilities under loans on the security of the company's own policies of life insurance."

(3) Subsections (5) and (6) of section 6 of the said Act are repealed and the following substituted therefor:

"(5) In the case of a life company,

Number of directors.

(*a*) at the first and each subsequent annual meeting prior to the third annual meeting referred to in paragraph (*b*), there shall be elected not less than five nor more than nine directors who shall hold office for one year but shall be eligible for re-election;

Idem.

(*b*) the company shall by by-law, passed not later than three months prior to the holding of its third annual meeting after the granting of a certificate of registry to it under this Act, determine the number of directors to be elected at such meeting and at each sub-

(2) The amendment to subsection (9) of section 5 would delete the reference to special general meetings, in consequence of the amendment contained in clause 7, and would permit the holding of the annual general meeting elsewhere than at the head office of the company although still in Canada. The amendment to subsection (10) would redefine the power of an insurance company to accept reinsurance from other insurers.

Subsections (9) and (10) at present read as follows:

"(9) A general meeting of the company shall be called at its head office once in each year after the organization of the company and the commencement of business, and at such meeting a statement of the affairs of the company shall be submitted, *and special general or extraordinary meetings may at any time be called by any three of the directors or by requisition of any twenty-five shareholders, specifying in the notice the object of the meeting.*

(10) The company may cause itself to be reinsured against any risk undertaken by it, and may reinsure any other *company carrying on the same class of business* against any risk undertaken by such other *company.*"

Clause 4: (1) The amendment to subsection (1) defines more precisely the meaning of the expression "life company" in section 6, by substituting for the word "authorized" in the present subsection the word "registered".

(2) At present a shareholder, to be eligible for election as a director, must hold shares having a total par value of $2,500 or shares having a lesser par value if at least $1,000 has been paid thereon as capital or credited as capital. The amendment to subsection (3) of section 6 would reduce the latter alternative to shares on which at least $500 has been paid or credited, and would also make it clear that the existence of a policy loan does not make a shareholder ineligible for election as a director.

Subsection (3) at present reads as follows:

"(3) No person is eligible to be elected, or to be, an ordinary director or a shareholders' director unless he holds in his own name and for his own use and absolutely in his own right shares in the capital stock of the company either to the amount of at least two thousand five hundred dollars or on which at least *one thousand* dollars has been paid as capital or credited as capital and, in either case, has paid in cash all calls due thereon and all liabilities incurred by him to the company."

(3) Subsection (5) of section 6 deals with the composition of the board of directors and the voting rights of participating policyholders but only as regards life insurance companies having a capital stock. The proposed amendment to subsection (5) would, so far as possible, establish corresponding rules applicable to mutual life insurance companies.

Subsection (6) of section 6 refers to mutual life insurance companies but deals only with the rotation of directors. This matter is now dealt with in the proposed new subsection (5).

sequent annual meeting, until the number is changed in accordance with paragraph (*d*), but the number so fixed shall not be less than nine nor more than twenty-one;

Number and composition of board of directors.

(*c*) if the company has a capital stock and has participating policyholders, the by-law referred to in paragraph (*b*) shall fix the number of shareholders' directors and the number of policyholders' directors, but the number of policyholders' directors so fixed shall be at least one-third of the total number of directors;

Change in number of directors.

(*d*) the company may by by-law change, or authorize the board of directors to change, from time to time, the number of directors as fixed by the by-law referred to in paragraph (*b*) but

(i) the number of directors as so changed shall not be less than nine nor more than twenty-one,

(ii) if the company has a capital stock and has participating policyholders, the number of policyholders' directors shall not be less than one-third of the total number of directors as so changed, and

(iii) in the event of any increase in the number of directors, any vacancy in the board thereby created may be filled by the directors from among the qualified shareholders or policyholders, as the case may be, for a term of office expiring at the next annual meeting;

Tenure of office of directors.

(*e*) the company may by by-law provide that all of the directors, or if the company has two classes of directors, all of the directors of each class, shall be elected for one, two or three years, and if the by-law provides for a term of two or three years it may also provide that the term of office of each director shall be for the whole of that term, or that, as nearly as may be, one-half of the directors shall retire each year if the term is two years, and one-third of the directors shall retire each year if the term is three years; but a director who has completed a term of office is eligible for re-election;

Participating policyholder a member.

(*f*) every person who has contracted with the company for a participating policy, and who holds such a policy upon which no premiums are due, shall be a member of the company and be entitled to attend and vote at all general meetings of the company, but if the company has a capital stock, such member, unless he is also a shareholder,

(i) is not entitled to vote at the election of share-

Subsections (5) and (6) at present read as follows:

"(5) In the case of a life company having a capital stock,

(*a*) there shall be elected at the first and second annual meetings not less than five nor more than nine shareholders' directors, who hold office for one year but are eligible for re-election; and every such company shall, by by-law passed not less than three months prior to the holding of its third annual meeting after the granting of a certificate of registry to it under this Act, determine the number of shareholders' directors, and if the company has participating policyholders, the number of policyholders' directors, to be elected at that and at subsequent annual meetings until otherwise changed by by-law;

(*b*) at any annual meeting after the third the company may by by-law change, or authorize the board of directors to change from time to time, the number of directors, but the board of directors shall at all times consist of not less than nine nor more than twenty-one directors and if the company has participating policyholders, the number of policyholders' directors shall at all times be at least one-third of the total number of directors, and in the event of any increase in the number of directors having been made by the directors the vacancy or vacancies in the board thereby created may be filled by the directors from among the qualified shareholders or policyholders, as the case may be, to hold office until the next annual meeting;

(*c*) the company may by by-law provide that all of the directors of each class shall be elected for one, two or three years, and if the by-law provides for a term of two or of three years it may also provide that the term of office of each director shall be for the whole of that term, or that, as nearly as may be, one-half the directors shall retire each year if the term is two years, and, *as nearly as may be*, one-third of the directors shall retire each year if the term is three years; but a director who has completed his term of office is eligible for re-election;

(*d*) every person who has contracted with the company for a participating policy, and who holds such a policy upon which no premiums are due, shall be a member of the company and be entitled to attend and vote at all general meetings of the company, but unless he is also a shareholder he is not entitled to vote *for* the election of shareholders' directors and in the case of liquidation of the company, he is not entitled to share in the distribution of the assets except as a policyholder, or liable to be placed on the list of contributories;

(*e*) every such member who holds a participating policy or policies of the company for four thousand dollars or more of insurance, exclusive of bonus additions, upon which no premiums are due, who is not a shareholder, and who has paid premiums on such policy or policies for at least three full years, is eligible for election as a policyholders' director; and for the purpose of this paragraph a participating policy providing for an annuity shall be deemed to be a participating policy of insurance in the ratio of one hundred dollars of annuity per annum to one thousand dollars of insurance and *pro rata* for larger or smaller amounts; and

(*f*) the policyholders' directors shall meet with the shareholders' directors and shall have a vote on all business matters.

(6) A mutual life company may by by-law provide that all of the directors of the company shall be elected for a term of one, two or three years, and if the by-law provides for a term of two or of three years it may also provide that the term of office of each director shall be for the whole of that term, or that, as nearly as may be, one-half the directors shall retire each year if the term is two years, and, as nearly as may be, one-third of the directors shall retire each year if the term is three years; but a director who has completed his term of office is eligible for re-election."

holders' directors, and

(ii) in the case of the liquidation of the company, is not entitled to share in the distribution of the assets except as a policyholder, and is not liable to be placed on the list of contributories;

Qualifications for policyholders' directors.

(*g*) every such member who holds a participating policy or policies of the company for four thousand dollars or more of insurance, exclusive of bonus additions, upon which no premiums are due, and who has paid premiums on such policy or policies for at least three full years,

(i) is eligible, if the company has no capital stock, for election as a director, and

(ii) is eligible, if the company has a capital stock, for election as a policyholders' director, unless he is also a shareholder;

and for the purpose of this paragraph a participating policy providing for an annuity shall be deemed to be a participating policy of insurance in the ratio of one hundred dollars of annuity per annum to one thousand dollars of insurance and *pro rata* for larger or smaller amounts; and

Directors to meet together.

(*h*) if the company has two classes of directors, the policyholders' directors shall meet with the shareholders' directors and shall have a vote on all business matters."

(4) Subsections (8) and (9) of section 6 of the said Act are repealed and the following substituted therefor:

Voting rights of shareholders.

"(8) In the case of a company that has a capital stock, each shareholder who has paid in cash all calls due upon his shares is entitled to attend and vote at all general meetings of the company, in person or by proxy, and has one vote for each share held by him, subject to the following provisions:

(*a*) every proxy shall himself be a shareholder and entitled to vote; and

(*b*) the instrument of proxy is not valid unless executed within three months of the date of the meeting at which it is to be used, nor unless filed with the secretary of the company at least ten days before such meeting, and shall be used only at such meeting or any adjournment thereof, and may be revoked at any time prior to such meeting.

Paid officers on board of directors.

(9) No agent is eligible to be elected or to be a director of a company and the board of directors shall not at any time include more than two paid officers, other than the chairman of the board and the president."

(4) At present a shareholder may vote only if he has paid all calls on his shares and all other liabilities to the company. The proposed amendment to subsection (8) would remove the latter requirement thus making it clear that the existence, for example, of a policy loan or mortgage loan would not result in the shareholder being deprived of his vote.

Subsection (8) at present reads as follows:

"(8) In the case of a company *having either ordinary directors or shareholders' directors*, each shareholder who has paid in cash all calls due upon his shares *and all liability incurred by him to the company* is entitled to attend and vote at all general meetings of the company in person or by proxy and has one vote for each share held by him; every such proxy shall himself be a shareholder and entitled to vote, and the instrument of proxy is not valid unless executed within three months of the date of the meeting at which it is to be used, nor unless filed with the secretary of the company at least ten days before such meeting, and shall be used only at such meeting or any adjournment thereof, and may be revoked at any time prior to such meetings."

At present the only paid officers of a company that may be on the board of directors, other than the president and chairman of the board of directors, are the manager and the first vice-president. The amendment to subsection (9) would not enlarge the number of paid officers that may be on the board but would make eligible other paid officers in addition to the manager and first vice-president.

Subsection (9) at present reads as follows:

"(9) The manager of a company may be a director, but no agent or paid officer, other than the manager, is eligible to be elected, or to be, a director; and in this subsection the words "paid officer" do not include the chairman of the board of directors or the president and vice-president, or the president and first vice-president if there is more than one vice-president, elected under the provisions of subsection (12)."

5. Sections 24 and 25 of the said Act are repealed.

6. Subsection (4) of section 26 of the said Act is repealed and the following substituted therefor:

Life insurance companies to inform participating policyholders of rights.

"(4) A company registered to transact the business of life insurance that has participating policyholders who are entitled to vote at meetings of the company shall advise each such policyholder at least once in each year, by means of a statement printed in prominent type on a premium notice, premium receipt or dividend notice or otherwise, of his rights to attend and to vote in person or by proxy at such meetings and that he may obtain a blank form of proxy on request therefor in writing to the secretary of the company; but in the case of a participating policyholder who is not in receipt of a regular annual premium notice, premium receipt or dividend notice from the company, notice of the rights of the policyholder to attend and to vote at meetings of the company may be given less frequently than annually but not less frequently than once every five years."

7. Section 28 of the said Act is repealed and the following substituted therefor:

Special general meetings. Idem.

"**28.** (1) The directors may at any time call a special general meeting of the company.

(2) The directors shall call a special general meeting of the company on the requisition of

(*a*) any three of their number; or

(*b*) any twenty-five shareholders who together hold one-tenth or more in value of the subscribed stock of the company; or

(*c*) any number of shareholders who together hold one-fourth or more in value of the subscribed stock of the company.

Idem.

(3) The requisition shall state the objects of the meeting, and be signed by the persons by whom the requisition is made and deposited at the head office of the company, and may consist of several documents in like form, or to the like effect, each signed by one or more of such persons.

Clause 5: The sections being repealed are substantially duplicated in subsection (9) of section 5 and subsections (7) and (8) of section 6, and in view of the amendment effected by clause 7 of this Bill are no longer necessary. The sections being repealed read as follows:

"**24.** In the absence of other provisions in that behalf in the special Act or in the by-laws of the company or in this Act, notice of the time and place for holding general meetings of the company shall be given at least ten days previously thereto, in some newspaper published at the place in which the head office or chief place of business of the company is situated, or if there is no newspaper there published, then in the newspaper published nearest thereto.

25. (1) No shareholder who is in arrears in respect of any call shall vote at any meeting of the company.

(2) In the absence of other provisions, in manner aforesaid, every shareholder is entitled to as many votes at all general meetings of the company as he owns shares in the company, and may vote by proxy."

Clause 6: Subsection (4) of section 26 in its present form requires a life insurance company to give annual notice to each participating policyholder of his rights to attend and vote at annual meetings. Some policies, such as paid-up policies for reduced amounts and weekly premium industrial policies do not give rise to annual premium notices or dividend notices, and the amendment to subsection (4) would in such cases require notice of voting rights to be given not less frequently than once every five years. The amendment also defines more precisely the kind of company to which the subsection applies.

Subsection (4) at present reads as follows:

"(4) A life insurance company having participating policyholders who are entitled to vote at meetings of the company shall advise each such policyholder at least once in each year, by means of a statement printed in prominent type on a premium notice, premium receipt or dividend notice or otherwise, of his rights to attend and to vote in person or by proxy at such meetings and that he may obtain a blank form of proxy on request therefor in writing to the secretary of the company."

Clause 7: This amendment would clarify and consolidate the various references in the Act to the calling of special general meetings. These now appear in subsection (9) of section 5 and in sections 24 and 28. The amendment would also revise the existing rule whereby any twenty-five shareholders may call a special general meeting, to make such action possible only if the twenty-five shareholders together hold at least 10% of the capital stock. A provision requiring notice to be published in each province in which the company transacts business, and requiring any special general meeting of the company to be held in Canada, would also be added.

Section 28 at present reads as follows:

"**28.** Shareholders who hold one-fourth part in value of the subscribed stock of the company may at any time by written requisition signed by them call a special general meeting of the company for the transaction of any business specified in such requisition, and in the notice made and given for the purpose of calling such meeting."

Notice.

(4) The notice calling a special general meeting shall specify the time and place for the holding of the meeting and the business to be transacted thereat and shall be given at least fifteen days previous to the meeting in two or more daily newspapers published at or near the place where the head office of the company is situated and in one or more newspapers published in each province in which the company transacts business.

Place.

(5) Special general meetings of the company shall be held in Canada either at the head office of the company or elsewhere."

8. Section 33 of the said Act is repealed and the following substituted therefor:

No loan to directors or officers.

"**33.** The company shall not lend any of its funds to a director or officer of the company or to the wife or a child of a director or officer, except, in the case of a company registered to transact the business of life insurance, on the security of the company's own policies of life insurance."

9. Paragraph (*a*) of section 44 of the said Act is repealed and the following substituted therefor:

Subsequent increase in capital.

"(*a*) from time to time, out of that portion of the profits of the company that belongs to the shareholders, by declaring a stock dividend or bonus or otherwise, increase the paid-up capital thereof by an amount not exceeding the amount or amounts by which the same may have been reduced under section 43, and thereafter the paid-up capital and the capital stock and each share shall represent the aggregate of the amount to which it has been reduced and the amount of such increase so declared as aforesaid; or"

10. The said Act is further amended by adding thereto, immediately after section 45 thereof, the following section:

Borrowing powers.

"**45A.** (1) For the purpose of carrying out the objects and powers of the company, and for no other purpose, the company may, upon being authorized by by-law made by the directors and confirmed at a general meeting of the company,

(*a*) borrow money upon the credit of the company; and

(*b*) mortgage, hypothecate, charge or pledge the real or personal property of the company, or both, to secure any money borrowed under the authority of this section.

(2) The company shall not borrow money by the issue of bonds or debentures."

Clause 8: This amendment, in addition to making certain minor changes in wording, would enable a policy loan to be made to the wife or a child of a director or officer of a company.

Section 33 at present reads as follows:

> "**33.** The company shall not *loan* any of its funds to *any* director or officer thereof, or to the wife or child of *any such* director or officer, except that a company *authorized* to transact life insurance *may lend to any director or officer thereof* on the security of the company's own policies."

Clause 9: This amendment corrects an error in paragraph (*a*) by substituting for the word "to" in the present paragraph the word "by".

Clause 10: The new section being added would confer on insurance companies the power to borrow money, when required in the course of their insurance business. The Act now contains no reference to any such power.

11. Subsections (3) to (5) of section 46 of the said Act are repealed and the following substituted therefor:

Creation and maintenance of separate fund.

"(3) In the case of a company registered to transact the business of life insurance, the company may, for the purposes of creating or maintaining a separate and distinct fund in respect of any class of insurance business other than life insurance,

Transfers from shareholders' fund.

(*a*) if duly authorized by by-law, make transfers from the shareholders' fund but the maximum amount that may be so transferred at any particular time is an amount equal to the surplus in the shareholders' fund at that time; and

Transfers from life insurance funds.

(*b*) if duly authorized by by-law passed by the directors and approved by at least a two-thirds vote of the members present or represented at a special general meeting of the company duly called for that purpose, make transfers from the life insurance funds but

(i) if the surplus in all of the life insurance funds combined is less than one million dollars, the maximum amount that may be so transferred from any life insurance fund at a particular time is the amount by which twenty-five per cent of the surplus in that fund exceeds the aggregate of all transfers from that fund prior to that time to all such separate and distinct funds, and the aggregate of all such transfers from the life insurance funds, whenever made, shall not exceed one hundred thousand dollars, and

(ii) if the surplus in all of the life insurance funds combined is one million dollars or more, the maximum amount that may be so transferred from any life insurance fund at a particular time is the amount by which ten per cent of the surplus in that fund exceeds the aggregate of all transfers from that fund prior to that time to all such separate and distinct funds.

Determination of surplus.

(4) Where for the purposes of paragraph (*b*) of subsection (3) the surplus in any fund is required to be determined, the surplus shall be taken as shown in the most recent annual statement deposited in the Department as required by this Act.

Distribution of profits of separate fund.

(5) Where any transfer has been made from a particular life insurance fund pursuant to subsection (3), then in any distribution of the profits of the separate and distinct fund to which the transfer was made, a portion of the profits remaining after deducting any amount set aside by the directors for distribution as dividends to holders of participating policies, if any, equal to the proportion thereof that

Clause 11: These amendments would enable transfers to be made, within specified limits from the life insurance funds of a company, for the creation or maintenance of funds established for other classes of insurance. At present such transfers may be made only for the creation of such funds, and are limited to 25% of surplus or $100,000 whichever is the lesser. The amendments would increase this limit to 10% of surplus for larger companies.

Subsections (3) to (5) at present read as follows:

"(3) In the case of a company registered to transact *only* the business of life insurance, the company may, for the purpose of creating the said separate and distinct fund by by-law transfer as such fund or as part of such fund the whole or any portion of the balance standing to the credit of the shareholders' surplus account, or if duly authorized by by-law passed by the directors and approved by at least a two-thirds vote of the members present or represented at a special general meeting of the company duly called for that purpose, transfer as the said fund or as any part thereof an amount not exceeding twenty-five per cent of the surplus of the company or the sum of one hundred thousand dollars, whichever is the less.

(4) For the purpose of subsection (3) the word "surplus" means the excess of assets over the aggregate of the company's liabilities to its policyholders, the amount of the paid or guarantee capital, if any, the contingent apportionment of surplus to deferred dividend policies, the provision for dividends accrued on quinquennial participating policies on the same scale as that used in the apportionment of surplus to deferred dividend policies of the same duration, and all its other liabilities of every kind.

(5) Where any portion of the said separate and distinct fund is created by a transfer from the surplus of the life insurance fund of the company, the by-law shall provide that a proportion of the profits of the said fund equal to the proportion that the amount so transferred from the said surplus is of the total amount so transferred or credited to the said fund, shall thereafter be credited to the life insurance fund of the company."

the total amount transferred from that life insurance fund to the separate and distinct fund is of the total amount transferred from all funds of the company to the separate and distinct fund shall be credited to that life insurance fund."

12. (1) Paragraph (*a*) of subsection (1) of section 63 of the said Act is amended by striking out the word "or" at the end of subparagraph (iii) thereof, by repealing subparagraph (iv) thereof, and by adding thereto the following subparagraphs:

"(iv) any country in which the company is carrying on business, or a province or state thereof, or

(v) any colony, dependency, territory or possession of any country if the company is carrying on business in that colony, dependency, territory or possession;"

(2) Paragraph (*b*) of subsection (1) of section 63 of the said Act is repealed and the following substituted therefor:

Municipal, etc., securities.

"(*b*) the bonds, debentures or other evidences of indebtedness of or guaranteed by a municipal corporation in Canada or in any country in which the company is carrying on business, or of a school corporation in Canada or in any country in which the company is carrying on business, or secured by rates or taxes levied under the authority of the government of a province of Canada on property situated in such province and collectible by the municipalities in which such property is situated;"

(3) Paragraphs (*h*) and (*i*) of subsection (1) of section 63 of the said Act are repealed and the following substituted therefor:

Bonds, etc., secured by mortgage.

"(*h*) the bonds, debentures or other evidences of indebtedness of a corporation that are fully secured by a mortgage, charge or hypothec to a trustee or to the company upon any, or upon any combination, of the following assets:

(i) real estate;

(ii) the plant or equipment of a corporation that is used in the transaction of its business; or

(iii) bonds, debentures or other evidences of indebtedness or shares, of a class authorized by this subsection as investments, or cash balances, if such bonds, debentures or other evidences of indebtedness, shares or cash balances are held by a trustee;

and the inclusion, as additional security under the mortgage, charge or hypothec, of any other assets not of a class authorized by this Act as investments

Clause 12: (1) At present an insurance company may invest in the bonds or debentures issued or guaranteed by the government of a colony, dependency, territory or possession of any country only if it is carrying on business both in the colony, dependency, territory or possession and in the parent country. The amendment would remove the requirement relating to the parent country.

Subparagraph (iv) at present reads as follows:

"(iv) a country in which the company is carrying on business, or a province or state thereof, or a colony, dependency, territory or possession thereof in which the company is carrying on business;"

(2) The amendment to paragraph (*b*) would clarify the meaning of the word "elsewhere" in the present paragraph, which reads as follows:

"(*b*) the bonds, debentures or other evidences of indebtedness of or guaranteed by a municipal corporation in Canada or *elsewhere where* the company is carrying on business; or of a school corporation in Canada or *elsewhere where* the company is carrying on business; or secured by rates or taxes levied under the authority of the government of a province of Canada on property situate in such province and collectible by the municipalities in which such property is situate;"

(3) At present mortgage bonds are eligible investments only if the security behind them is mortgaged to a trustee. The amendment to paragraph (*h*) would make bonds eligible where the security behind them is mortgaged to the company making the investment. However, if the mortgaged security is property other than real estate, plant or equipment, the mortgaged security would have to be held by a trustee. Also, cash balances in the hands of a trustee would be recognized as one of the classes of assets that may be mortgaged as security for a bond issue.

Paragraph (*h*) at present reads as follows:

"(*h*) the bonds, debentures or other evidences of indebtedness of a corporation that are fully secured by a mortgage, charge or hypothec to a trustee upon any, or upon any combination, of the following assets,—

(i) real estate,

(ii) the plant or equipment of a corporation that is used in the transaction of its business, or

(iii) bonds, debentures or other evidences of indebtedness or shares of a class or classes authorized by this subsection as investments,

and the inclusion, as additional security under the mortgage, charge or hypothec, of any other assets not of a class authorized by this Act as investments shall not render such bonds, debentures or other evidences of indebtedness ineligible as an investment;"

shall not render such bonds, debentures or other evidences of indebtedness ineligible as an investment;

Equiment trust certificates.

(*i*) obligations or certificates issued by a trustee to finance the purchase of transportation equipment for a corporation incorporated in Canada or the United States of America to be used on railways or public highways, if the obligations or certificates are fully secured by

(i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and

(ii) a lease or conditional sale thereof by the trustee to the corporation;"

(4) Subsection (1) of section 63 of the said Act is further amended by adding thereto, immediately after paragraph (*j*) thereof, the following paragraph:

Guaranteed investment certificates.

"(*ja*) guaranteed investment certificates issued by a trust company incorporated in Canada that, at the date of the investment by the company therein, complied with the requirements described in subparagraph (i) of paragraph (*j*) in respect of the payment of dividends;"

(5) Paragraphs (*m*) to (*o*) of subsection (1) of section 63 of the said Act are repealed and the following substituted therefor:

Real estate mortgages.

"(*m*) ground rents, mortgages or hypothecs on real estate in Canada or in any country in which the company is carrying on business, but the amount paid for the mortgage or hypothec together with the amount of indebtedness under any mortgage or hypothec on the real estate ranking equally with or superior to the mortgage or hypothec in which the investment is made shall not exceed two-thirds of the value of the real estate covered thereby;

Guaranteed or insured real estate mortgages.

(*n*) mortgages or hypothecs on real estate or leaseholds in Canada or in any country in which the company is carrying on business or bonds or notes secured by such mortgages or hypothecs, notwithstanding that the mortgage or hypothec exceeds the amount that the company is otherwise authorized to invest, if the excess is guaranteed or insured by the government or through an agency of the government of the country in which the real estate or leasehold is situated or of a province or state of that country; or

Real estate for the production of income.

(*o*) real estate or leaseholds for the production of income in Canada or in any country in which the company is

At present equipment trust certificates are eligible investments if they relate to railway equipment. The amendment to paragraph (*i*) would also include equipment trust certificates issued to finance the purchase of highway transportation equipment.

Paragraph (*i*) at present reads as follows:

"(*i*) obligations or certificates issued by a trustee to finance the purchase of transportation equipment for a *railway company* incorporated in Canada or in the United States of America, if the obligations or certificates are fully secured by

(i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and

(ii) a lease or conditional sale thereof by the trustee to the *railway company*;"

(4) This new paragraph would recognize guaranteed investment certificates as eligible investments if they are issued by a Canadian trust company that meets the specified dividend test, that is to say a five-year record of dividends at the full rate on its preferred shares or a five-year record of dividends at a rate of at least 4% on its common shares.

(5) The amendment to paragraph (*m*) would enable a company to invest in mortgages on real estate up to two-thirds of the value of the real estate, instead of 60% as at present. Also, minor changes in wording in paragraphs (*m*) and (*n*) would be effected, corresponding to the changes in wording effected by subclause (2) of this clause.

Paragraphs (*m*) and (*n*) at present read as follows:

"(*m*) ground rents, mortgages or hypothecs on real estate in Canada or *elsewhere where* the company is carrying on business, but the amount paid for the mortgage or hypothec together with the amount of indebtedness under any mortgage or hypothec on the real estate ranking superior to the mortgage or hypothec in which the investment is made shall not exceed *sixty per cent* of the value of the real estate covered thereby;

(*n*) mortgages or hypothecs on real estate or leaseholds in Canada or *elsewhere where* the company is carrying on business or bonds or notes secured by such mortgages or hypothecs, notwithstanding that the mortgage or hypothec exceeds the amount that the company is otherwise authorized to invest, if the excess is guaranteed or insured by the government or through an agency of the government of the country in which the real estate or leasehold is situated or of a province or state of that country; or"

At the present time a company may join with any other insurance company incorporated by Parliament in making an investment in real estate for the production of income where the real estate is leased to a corporation that meets certain dividend requirements. The amendment to paragraph (*o*) would enable such investments to be made also jointly with loan companies and trust companies incorporated in Canada, and would increase the maximum limit on

carrying on business, either alone or jointly with any other company or with any loan company or trust company incorporated in Canada, if

(i) a lease of the real estate or leasehold is made to, or guaranteed by, a corporation that, at the date of the investment by the company therein, complied with the requirements described in subparagraph (i) of paragraph (*j*) in respect of the payment of dividends,

(ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least eighty-five per cent of the amount invested by the company in the real estate or leasehold within the period of the lease but not exceeding thirty years from the date of investment, and

(iii) the total investment of a company in any one parcel of real estate or in any one leasehold does not exceed one per cent of the book value of the total assets of the company;

and the company may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold."

(6) Paragraphs (*b*) and (*c*) of subsection (2) of section 63 of the said Act are repealed and the following substituted therefor:

Real estate mortgages.

"(*b*) real estate or leaseholds for a term of years or other estate or interest in real estate in Canada or in any country in which the company is carrying on business, but the amount of the loan together with the amount of indebtedness under any mortgage or hypothec on the real estate or interest therein ranking equally with or superior to the loan shall not exceed two-thirds of the value of the real estate or interest therein, subject to the exception that a company may accept as part payment for real estate sold by it a mortgage or hypothec for more than two-thirds of the sale price of the real estate; or

Guaranteed or insured real estate mortgages.

(*c*) real estate or leaseholds in Canada or in any country in which the company is carrying on business, notwithstanding that the loan exceeds the amount that the company is otherwise authorized to lend, if, to the extent of the excess, the mortgage or hypothec thereon securing the loan is guaranteed or insured by the government or through an agency of the government of the country in which the real estate or leasehold is situated or of a province or state of that country."

any one parcel of real estate from one-half of one per cent of the company's ledger assets to one per cent of its total assets.

Paragraph (*o*) at present reads as follows:

"(*o*) real estate or leaseholds for the production of income in Canada or *elsewhere where* the company is carrying on business, either alone or jointly with any other company, if

(i) a lease of the real estate or leasehold is made to, or guaranteed by, a corporation that has met the dividend requirements specified in subparagraph (i) of paragraph (*j*),

(ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least eighty-five per cent of the amount invested by the company in the real estate or leasehold within the period of the lease but not exceeding thirty years from the date of investment, and

(iii) the total investment of a company in any one parcel of real estate or in any one leasehold does not exceed *one-half of* one per cent of the book value of the total *ledger* assets of the company;

and the company may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold."

(6) The purpose of this amendment is to raise the maximum amount that may be lent under a mortgage on real estate from 60% of the value of the real estate to two-thirds of that value, and also to effect minor changes in wording in paragraphs (*b*) and (*c*) of subsection (2), corresponding to the amendment effected by subclause (2). Paragraphs (*b*) and (*c*) of subsection (2) relate to lending on the security of real estate, whereas paragraphs (*m*) and (*n*) of subsection (1) relate to investing in mortgage loans.

Paragraphs (*b*) and (*c*) at present read as follows:

"(*b*) real estate or leaseholds for a term of years or other estate or interest in real estate in Canada or *elsewhere where* the company is carrying on business, but the amount of the loan together with the amount of indebtedness under any mortgage or hypothec on the real estate or interest therein ranking superior to the loan shall not exceed *sixty per cent* of the value of the real estate or interest therein, subject to the exception that a company may accept as part payment for real estate sold by it a mortgage or hypothec for more than *sixty per cent* of the sale price of the real estate; or

(*c*) real estate or leaseholds in Canada or *elsewhere where* the company is carrying on business, notwithstanding that the loan exceeds the amount that the company is otherwise authorized to lend, if, to the extent of the excess, the mortgage or hypothec thereon securing the loan is guaranteed or insured by the government or through an agency of the government of the country in which the real estate or leasehold is situated or of a province or state of that country."

(7) Subsections (3) and (4) of section 63 of the said Act are repealed and the following substituted therefor:

Securities received on reorganization, liquidation or amalgamation.

"(3) Where a company owns securities of a corporation and as a result of a *bona fide* arrangement for the reorganization or liquidation of the corporation or for the amalgamation of the corporation with another corporation, such securities are to be exchanged for bonds, debentures or other evidences of indebtedness or shares not eligible as investments under the foregoing provisions of this section, the company may accept such bonds, debentures or other evidences of indebtedness or shares, but they shall be allowed as an asset of the company, in the annual report prepared by the Superintendent for the Minister, only for a period of five years after their acquisition, or such further period as the Treasury Board may from time to time determine, unless it is shown to the satisfaction of the Treasury Board that such bonds, debentures or other evidences of indebtedness or shares are not inferior in status or value to the securities for which they have been substituted or unless they become eligible as investments under the foregoing provisions of this section.

Other assets.

(4) A company may make investments or loans not hereinbefore authorized by this section, including investments in real estate or leaseholds, subject to the following provisions:

Real estate for the production of income.

(*a*) investments in real estate or leaseholds pursuant to this subsection shall be made only for the production of income, and may be made by the company in Canada or in any country in which the company is carrying on business, either alone or jointly with any other company, and the company may hold, maintain, improve, develop, repair, lease, sell or otherwise deal with or dispose of such real estate or leaseholds, but the total investment of a company pursuant to this subsection in any one parcel of real estate or in any one leasehold shall not exceed one-half of one per cent of the book value of the total assets of the company;

Exceptions.

(*b*) this subsection shall be deemed not to enlarge the authority conferred by subsections (1) and (2) to invest in mortgages or hypothecs and to lend on the security of real estate or leaseholds, and not to affect the operation of subparagraphs (i) and (ii) of paragraph (*l*) of subsection (1); and

Limitation.

(*c*) the total book value of the investments and loans made under this subsection and held by the company, excluding those that are or at any time since acquisition have been eligible apart from this subsection, shall not exceed five per cent of the book value of the total assets of the company."

(7) At the present time, a company may receive and hold securities that are not otherwise eligible investments where the securities are received in exchange for other securities on the reorganization or amalgamation of a corporation in which it has invested. The amendment to subsection (3), which adds the underlined words, would extend this authority to include such exchanges arising out of liquidation of a corporation.

Subsection (4) now provides an area of freedom of investment for a company up to a maximum of 3% of the total ledger assets of the company. The amendment to subsection (4) would increase this maximum to 5% of the total assets of the company, and would also effect a minor change in wording corresponding to the amendment effected by subclause (2).

Subsection (4) at present reads as follows:

"(4) A company may make investments or loans not hereinbefore authorized by this section, including investments in real retate or leaseholds, subject to the following provisions:

(*a*) investments in real estate or leaseholds pursuant to this subsection shall be made only for the production of income, and may be made by the company in Canada or *elsewhere where* the company is carrying on business, either alone or jointly with any other company, and the company may hold, maintain, improve, develop, repair, lease, sell or otherwise deal with or dispose of such real estate or leaseholds, but the total investment of a company pursuant to this subsection in any one parcel of real estate or in any one leasehold shall not exceed one-half of one per cent of the book value of the total *ledger* assets of the company,

(*b*) this subsection shall be deemed not to enlarge the authority conferred by subsections (1) and (2) to invest in mortgages or hypothecs and to lend on the security of real estate or leaseholds, and not to affect the operation of subparagraphs (i) and (ii) of paragraph (*l*) of subsection (1), and

(*c*) the total book value of the investments and loans made under this subsection and held by the company, excluding those that are or at any time since acquisition have been eligible apart from this subsection, shall not exceed *three* per cent of the book value of the total *ledger* assets of the company."

(8) Subsections (6) to (9) of section 63 of the said Act are repealed and the following substituted therefor:

National Housing Acts.

"(6) Notwithstanding the foregoing provisions of this section, a company may invest or lend its funds as authorized by *The National Housing Act, 1938*, the *National Housing Act*, and the *National Housing Act, 1954*.

Limitation on investments in common shares.

(7) The total book value of the investments of a company in common shares shall not exceed fifteen per cent of the book value of the total assets of the company.

Limitation on investments in real estate for the production of income.

(8) The total book value of the investments of a company in real estate or leaseholds for the production of income pursuant to this section shall not exceed ten per cent of the book value of the total assets of the company.

No loan to director or officer.

(9) A company shall not lend any of its funds to a director or officer of the company or to the wife or a child of a director or officer except, in the case of a company registered to transact the business of life insurance, upon the security of the company's own policies of life insurance; nor shall a company lend any of its funds to a corporation if more than one-half of the shares of the capital stock of the corporation are owned by a director or officer of the company or the wife or a child of a director or officer, or by any combination of such persons."

13. (1) Subsection (1) of section 64 of the said Act is repealed and the following substituted therefor:

Power to invest in stock of other insurance companies.

"**64.** (1) Notwithstanding anything in subsection (1) of section 63, a company, other than a company registered to transact the business of life insurance, may invest its funds in the fully paid shares of any other company transacting the business of insurance or of any corporation incorporated outside Canada and transacting the business of insurance, but no such investment shall be made if as a result thereof the total amount invested in such shares would exceed fifty per cent of the surplus of such company as shown in the most recent annual statement deposited in the Department as required by this Act and, subject to subsection (2), nothing in this section shall be deemed to affect the operation of subsection (7) of section 63."

(8) The amendment to subsection (6) adds the underlined reference to the *National Housing Act, 1954.*

The amendment to subsection (7) would eliminate a special exemption that is no longer applicable and would prescribe the limit of a company's investment in common shares in terms of the total assets of the company rather than its total ledger assets.

The amendment to subsection (8) would increase the maximum investment in real estate for the production of income where such real estate is leased to a corporation that meets certain dividend requirements. The maximum is now 5% of the book value of the total ledger assets; this would be raised to 10% of the book value of the total assets.

The amendment to subsection (9) would make clear that the reference to policy loans is confined to policies of life insurance.

Subsections (7), (8) and (9) at present read as follows:

"(7) The total book value of the investments of a company in common shares shall not exceed fifteen per cent of the book value of the total *ledger* assets of the company, *but if on the 30th day of June, 1950, the book value of the investments of a company in common shares exceeded fifteen per cent of the book value of the total ledger assets of the company, this subsection does not apply to the company until the 1st day of January following the year in which the book value of the investments in common shares is first reduced to fifteen per cent or less of the book value of the total ledger assets of the company, and on and after the said 1st day of January this subsection applies, but until the said 1st day of January no investment in common shares shall be made by the company.*

(8) The total book value of the investments of a company in real estate or leaseholds for the production of income pursuant to this section shall not exceed *five* per cent of the book value of the total *ledger* assets of the company.

(9) A company shall not lend any of its funds to a director or officer of the company or to the wife or a child of a director or officer except on the security of the company's own policies; nor shall a company lend any of its funds to a corporation if more than one-half of the shares of the capital stock of the corporation are owned by a director or officer of the company or the wife or a child of a director or officer, or by any combination of such persons."

Clause 13: At present Canadian fire and casualty insurance companies may buy the shares of an insurance company incorporated outside Canada, if that company is registered to transact the business of insurance in Canada, subject to certain generally applicable limits on their ownership of common shares. This amendment would permit the purchase of shares of an insurance company incorporated outside Canada, whether the company is registered in Canada or not, and would add a further limitation specifying that the maximum amount that may be invested in the shares of other insurance companies is 50% of the surplus of the investing company.

(2) Section 64 of the said Act is further amended by adding thereto the following subsection:

Limitation.

"(3) Except as provided in this section, no such company shall invest in the shares of any other company or corporation transacting the business of insurance."

14. Subsection (2) of section 70 of the said Act is repealed and the following substituted therefor:

To be included in Superintendent's report.

"(2) The half-yearly statement mentioned in subsection (1) shall be embodied in summary form by the Superintendent in the annual report prepared by him for the Minister."

15. Section 79 of the said Act is repealed and the following substituted therefor:

Life insurance companies.

"**79.** (1) Subject to subsection (2), this Part applies to companies registered under this Act to transact only the business of life insurance and to companies so registered to transact the business of life and other insurance.

Limitation.

(2) Sections 82, 83, 84 and 85 apply to such companies only in respect of business that may be transacted under a certificate of registry to transact the business of life insurance."

16. (1) Paragraph (*b*) of subsection (1) of section 81 of the said Act is repealed and the following substituted therefor:

Insurance against accidental death, accidental dismemberment or accidental loss of sight.

"(*b*) insurance against accidental death, accidental dismemberment or accidental loss of sight, if included in a policy of life insurance and if the additional benefit payable in event of accidental death does not exceed twice the sum assured on the date of death payable in event of death from any cause and the benefit payable in event of accidental dismemberment or accidental loss of sight does not exceed that sum assured;"

(2) Section 81 of the said Act is further amended by adding thereto the following subsections:

Separate fund required.

"(5) Where a company in the exercise of its powers issues policies such that the reserves therefor to be included in the annual statement pursuant to section 82 vary in amount depending upon the market value of a specified group of assets, the company shall maintain in respect of such policies one or more separate and distinct funds with separate assets for each such fund, and subsections (2) and (6) of section 46 shall not apply to any such fund maintained in respect of such policies.

Subsection (1) at present reads as follows:

"**64.** (1) Notwithstanding anything in subsection (1) of section 63 any company, other than a company registered to transact the business of life insurance, may invest its funds in the fully paid shares of any other company transacting the business of insurance or of any corporation incorporated outside of Canada and registered under the laws of Canada to transact such business in Canada, but the sum total of money invested in such shares shall not exceed fifteen per cent of the value of the assets of such company; and except as provided in this section no such company shall invest in shares of any other company or corporation transacting the business of insurance."

Clause 14: This amendment would require the Superintendent to show only a summary of the half-yearly statement of purchases and sales of securities in his annual report, instead of the full detail as presently required.

Subsection (2) at present reads as follows:

"(2) The half-yearly statement mentioned in subsection (1) shall be embodied by the Superintendent *by way of appendix or otherwise* in the annual report prepared by him for the Minister."

Clause 15: This amendment would clarify the application of certain sections of the Act to life insurance companies.

Section 79 at present reads as follows:

"**79.** This Part applies to companies registered under this Act to transact only the business of life insurance and to companies so registered to transact the business of life and other insurance, in *respect of the life insurance business of such companies.*"

Clause 16: (1) The amendment to paragraph (*b*) of subsection (1) would expand somewhat the extent to which personal accident insurance may be combined with a company's life insurance business and transacted under a certificate of registry to transact the business of life insurance.

Paragraph (*b*) at present reads as follows:

"(*b*) insurance against death as a result of accident, if included in a policy of life insurance and if the additional benefit payable in event of accidental death does not exceed the sum assured on the date of death payable in event of death from any cause;"

(2) Subsections (5) to (8) are new. The new subsection (5) would require a company to establish a separate fund with separate assets in respect of policies providing for "variable" benefits, that is to say, policies under which the obligations of the insurance company vary with the investment results shown by a specific group of assets. The new subsection (6) would specify that the assets of each such separate fund are available only for the purposes of that fund. The new subsection (7) would specify that certain investment limits would apply to each fund taken by

Segregation of assets.

(6) Where a separate and distinct fund with separate assets is maintained pursuant to subsection (5), the assets of the fund so maintained shall be available only to meet the liabilities arising under policies in respect of which that fund is maintained and shall not be liable for the payment of claims arising from any other policies; but any assets that remain in any such fund after the discharge of all of the company's liabilities in respect of the policies for which that fund is maintained, may be transferred to such other fund as the directors may determine.

Investment limitations.

(7) Subject to subsection (8), where a separate and distinct fund with separate assets is maintained by a company, the percentage limits specified in subsections (4), (7) and (8) of section 63 apply to the investments and loans constituting the assets of the fund as if those assets were the total assets of the company.

Exception.

(8) Where the policies in respect of which a separate and distinct fund with separate assets is maintained are such that the reserves therefor to be included in the annual statement pursuant to section 82 vary in amount depending upon the market value of the assets of the fund, the percentage limits specified in subsections (7) and (8) of section 63 do not apply to the investments and loans constituting the assets of the fund and in the application of those limits to the company as a whole the assets of any such separate fund shall not be taken into account."

17. Subsection (8) of section 82 of the said Act is repealed.

18. Subsection (2) of section 88 of the said Act is repealed and the following substituted therefor:

Approval of board of directors required.

"(2) No salary, compensation or emolument shall be paid to any officer or trustee of any company unless authorized by a vote of the directors, nor shall any salary, compensation or emolument amounting in any year to more than ten thousand dollars be paid to any agent or employee unless the contract under which such amount becomes payable has been approved by the board of directors."

itself as well as to the company's assets as a whole. A special exemption would be provided by subsection (8), whereby for "variable" policies as described above, companies would have freedom to invest in common shares and income real estate beyond the limits provided in respect of other policies providing for fixed dollar benefits.

Clause 17: The repeal of subsection (8) would remove an existing provision whereby any company may require the Superintendent to calculate the actuarial reserve for its business in force on payment of a prescribed fee. This provision was first enacted many years ago when many companies were small and had limited access to actuarial advice, but has never been used and is no longer considered necessary.

The subsection being repealed reads as follows:

"(8) Any company, instead of itself computing the reserve to be included in the liabilities in its annual statement, may require the valuation to be made by the Superintendent, in accordance with the provisions of this section, on payment to him of three cents for each policy or bonus addition so valued, which amount the Superintendent shall pay over to the Minister; the company in preparing the data for valuation may group any number of policies in a manner satisfactory to the Superintendent so that they may be valued as one policy and the charge for the valuation of each group shall be three cents; and a like charge shall be made and paid over to the Minister in respect of any valuations made by the Superintendent under the provisions of subsection (5)."

Clause 18: This amendment would require salaries over $10,000 a year to be approved by the board of directors instead of salaries over $5,000 as at present.

Subsection (2) at present reads as follows:

"(2) No salary, compensation or emolument shall be paid to any officer or trustee of any company unless authorized by a vote of the directors, nor shall any salary, compensation or emolument amounting in any year to more than *five* thousand dollars be paid to any agent or employee unless the contract under which such amount becomes payable, *if made after the 4th day of May, 1910*, has been approved by the board of directors."

19. Section 90 of the said Act is amended by adding thereto immediately after subsection (3) thereof the following subsection:

Minister may shorten notice or inspection period.

"(3a) In any case where in the opinion of the Minister the interests of a group of policyholders affected by an agreement entered into pursuant to subsection (1) may be prejudiced by delay in the agreement becoming effective, he may shorten the period of thirty days referred to in paragraph (*a*) of subsection (3) and the like periods referred to in paragraphs (*b*) and (*c*) of subsection (3) to the extent that, in his view, the circumstances of the case warrant."

20. Paragraph (*b*) of subsection (5) of section 103 of the said Act is repealed and the following substituted therefor:

"(*b*) upon such terms and conditions as the Board deems proper, limit a time within which the company shall make good the deficiency (the company's certificate of registry being continued in the meantime) and upon the company's failure to make good such deficiency within the time so limited, or within such extension of that time as may be authorized by the Board upon any subsequent report made to it by the Superintendent, its certificate of registry shall be withdrawn,"

21. Section 105 of the said Act is repealed and the following substituted therefor:

Limitation on dividends to shareholders.

"**105.** (1) Subject to the payment of preferential dividends in accordance with subsection (4) of section 103, and subject to subsection (2) of this section, a company shall not in any particular calendar year declare dividends to shareholders the aggregate amount of which exceeds seventy-five per cent of the average annual profits of the company for the three calendar years preceding that particular calendar year.

Exception.

(2) This section does not apply to any company

(*a*) if the aggregate of its surplus and general or contingency reserves as shown in its most recent annual statement deposited in the Department as required by this Act equals or exceeds the reserves in respect of outstanding unmatured policies required to be included in the said statement in accordance with section 102, or

(*b*) if the aggregate of its paid capital and the surplus and general or contingency reserves referred to in paragraph (*a*) equals or exceeds the reserves in respect of outstanding unmatured policies referred to in paragraph (*a*), and

Clause 19: The proposed new subsection (3a) would provide a means of shortening the period of thirty days' notice ordinarily required in connection with the transfer of business from one insurer to another, in cases where delay might prejudice the interests of policyholders.

Clause 20: At present a company transacting fire or casualty insurance is required to maintain assets at least 15% in excess of its liabilities. If the assets fall below this amount, a report must be made to the Treasury Board and the Minister must fix a time within which the company shall make good the deficiency on penalty of withdrawal of its certificate of registry. The amendment to paragraph (*b*), which adds the underlined words, would enable the Treasury Board to extend the time fixed by the Minister, thus providing greater flexibility in dealing with individual situations that may arise.

Clause 21: Section 105 now requires a company to appropriate towards surplus at least 25% of its profits for each year until the surplus alone exceeds the liability in respect of outstanding policies, or until the combined capital and surplus exceeds such liability. In the latter case, however, the surplus must be not less than $500,000 and the combined capital and surplus must be not less than $1,500,000. The effect of the section is to impose a limit on the portion of the profits that may be distributed to shareholders, until such time as the surplus reaches a specified level in relation to the company's liabilities. The proposed amendment would impose a similar limit on the distribution of profits but on the basis of the average profits over a period of three years rather than for one year. The amendment would clarify the present section and is also intended to facilitate its administration.

Section 105 at present reads as follows:

"**105.** (1) In this section the word "surplus" means the excess of assets over the paid-up capital of the company and all the liabilities of the company, including the liability in respect of outstanding unmatured policies required to be included in the annual statement in accordance with section 102.

(2) Subject to the payment of preferential dividends in accordance with subsection (4) of section 103, until the surplus of a company equals or exceeds the liability in respect of outstanding unmatured policies required to be included in

(i) the aggregate of the said surplus and general or contingency reserves is not less than five hundred thousand dollars, and

(ii) the aggregate of the paid capital and the said surplus and general or contingency reserves is not less than one million five hundred thousand dollars.

"Profits" defined.

(3) For the purposes of this section, the average annual profits of a company for the three calendar years referred to in subsection (1) shall be taken as one-third of the total profits of the company for that period, computed by adding the total dividends to shareholders declared during that period to the surplus and general or contingency reserves at the end of the period, and deducting from the sum thereof the surplus and general or contingency reserves at the beginning of the period, all as shown in the appropriate annual statements deposited in the Department as required by this Act."

22. Section 107 of the said Act is repealed and the following substituted therefor:

Classes of insurance available without deposit.

"**107.** Any company registered under this Act to transact the business of fire insurance is, subject to the provisions of its Act of incorporation and upon compliance with the conditions of this Act other than in respect of an increase in deposit with the Minister, entitled to receive a certificate of registry for any one or more of the following classes of insurance limited to the insurance of the same property as is insured against the risk of fire under a policy of such company, namely: civil commotion insurance, earthquake insurance, falling aircraft insurance, hail insurance, impact by vehicles insurance, limited or inherent explosion insurance, sprinkler leakage insurance, water damage insurance, weather insurance and windstorm insurance."

23. Subsection (3) of section 115 is repealed and the following substituted therefor:

Company deemed insolvent where certificate withdrawn and not renewed.

"(3) Where the certificate of registry of any company has not been renewed on the expiry thereof by reason of the Superintendent having made a report to the Minister that, from the statement of affairs of the company, the company is not in a condition to meet its liabilities, or where the certificate of registry of any company has been withdrawn under section 103, section 110, section 111, section 113 or section 114, and has not been renewed within thirty days after such expiry or withdrawal, the company shall be deemed to be insolvent, and be subject to be wound up under the provisions of the *Winding-up Act*."

the annual statement in accordance with section 102, the company shall at the end of each year appropriate toward surplus at least twenty-five per cent of the profits of the company for the year last past.

(3) This section does not apply to any company that has a surplus of not less than five hundred thousand dollars and a combined paid capital and surplus of not less than one million five hundred thousand dollars nor less than the liability referred to in subsection (2)."

Clause 22: This amendment would add three classes of insurance to the classes that may now be included, subject to certain limitations, in a certificate of registry without additional deposit, and would make minor changes in wording.

Section 107 at present reads as follows:

"**107.** Any company registered under this Act to transact the business of fire insurance is, subject to the provisions of its Act of incorporation and upon compliance with the conditions of this Act other than in respect of an increase in deposit with the Minister, entitled to receive a certificate of registry for any one or more of the following classes of insurance limited to the insurance of the same property as is insured under a policy of fire insurance of such company, namely: falling aircraft, earthquake, tornado, hail, sprinkler leakage, limited or inherent explosion and civil commotion."

Clause 23: This amendment would specify the effect of withdrawal of a certificate of registry under section 103 by reason of failure of a company to restore the required excess of assets over liabilities within the period fixed by the Minister, or within any extension thereof that may be authorized by the Treasury Board. Subsection (3) of section 115 at present reads as follows:

"(3) Where the certificate of registry of any company has not been renewed on the expiry thereof by reason of the Superintendent having made a report to the Minister that, from the statement of affairs of the company, the company is not in a condition to meet its liabilities, or where the certificate of registry of any company has been withdrawn under section 110, section 111, section 113 or section 114, and has not been renewed within thirty days after such expiry or withdrawal, the company shall be deemed to be insolvent, and be subject to be wound up under the provisions of the *Winding-up Act*."

24. Subsection (2) of section 134 of the said Act is repealed and the following substituted therefor:

To be included in Superintendent's report.

"(2) The statements so deposited shall be embodied in summary form by the Superintendent in the annual report prepared by him for the Minister."

25. Sections 139 and 140 of the said Act are repealed and the following substituted therefor:

Application of sections in Part III to British companies.

"**139.** Section 81, other than subsection (3) thereof, and section 82 apply, *mutatis mutandis*, to every British company registered under this Part in respect of business in Canada that may be transacted under a certificate of registry to transact the business of life insurance and section 82 applies to every such company only in respect of the annual statement of its Canadian business required by this Act to be deposited in the Department.

Special application of sections of this Part.

"**140.** The provisions of sections 141 to 143 apply to every British company registered under this Act to transact the business of insurance in respect of any class of such business other than business that may be transacted under a certificate of registry to transact the business of life insurance."

26. Subsection (1) of section 143 of the said Act is repealed and the following substituted therefor:

Classes of insurance available without deposit.

"**143.** (1) Any British company registered under this Act to transact the business of fire insurance is, upon compliance with the conditions of this Act other than in respect of an increase in deposit with the Minister, entitled to receive a certificate of registry for any one or more of the following classes of insurance limited to the insurance of the same property as is insured by the company against the risk of fire, namely: civil commotion insurance, earthquake insurance, falling aircraft insurance, hail insurance, impact by vehicles insurance, limited or inherent explosion insurance, sprinkler leakage insurance, water damage insurance, weather insurance and windstorm insurance, if such class or classes of insurance are authorized by its Act of incorporation or charter."

27. Section 149 of the said Act is amended by adding thereto, immediately after paragraph (*a*) thereof, the following paragraph:

Insurance against nuclear hazards.

"(*aa*) to any British company in respect of insurance against injury to persons or loss of or damage to property,

Clause 24: This amendment would require the Superintendent to show only a summary rather than the full details of the half-yearly statements of changes in the assets vested in trust by British companies with corporate trustees for protection of Canadian policyholders. Subsection (2) at present reads as follows:

"(2) The statements so deposited shall be embodied by the Superintendent *by way of appendix or otherwise* in the annual report prepared by him for the Minister."

Clause 25: The proposed amendments to sections 139 and 140 would clarify the application of certain sections of the Act to British companies.

Sections 139 and 140 at present read as follows:

"**139.** The provisions of subsections (1), (2) and (4) of section 81 and section 82 apply, *mutatis mutandis*, to every British company registered under this Part to transact only the business of life insurance and to every British company so registered to transact the business of life and other insurance, in respect only of the life insurance business of the British company; but the said subsections of section 81 apply only to the life insurance business of such company in Canada and the said section 82 applies to every such company only in respect of the annual statement of its Canadian business required to be deposited under *section 130*.

140. The provisions of sections 141 to 143 apply to all British companies registered under this Act to transact the business of insurance in respect of any class of such business other than life insurance."

Clause 26: This amendment, which applies to British companies, corresponds to the amendment applicable to Canadian companies contained in clause 22.

Subsection (1) at present reads as follows:

"**143.** (1) Any British company registered under this Act to transact the business of fire insurance is, upon compliance with the conditions of this Act other than in respect of an increase in deposit with the Minister, entitled to receive a certificate of registry for any one or more of the following classes of insurance limited to the insurance of the same property as is insured under a policy of fire insurance of such company, namely,—falling aircraft, earthquake, tornado, hail, sprinkler leakage, limited or inherent explosion and civil commotion if such class or classes of insurance are authorized by its Act of incorporation or charter."

Clause 27: Operators of some nuclear installations may require insurance coverage beyond the maximum obtainable in the Canadian market. This new paragraph would exempt from the requirements of the Act insurance against nuclear hazards to the extent that such insurance cannot be obtained within Canada.

or against liability for such injury, loss or damage, caused by nuclear energy, including ionizing radiation and contamination by radioactive substances, to the extent that, in any case, such insurance is, in the opinion of the Superintendent, not available within Canada,"

28. Section 155 of the said Act is repealed and the following substituted therefor:

Application of provisions of Act to provincial companies.

"**155.** Sections 52 to 54, subsections (1), (3) and (4) of section 55, sections 56 to 78, section 81, other than subsection (3) thereof, sections 82, 85, 101, 102, subsections (1), (2) and (5) of section 103, section 104 and sections 107 to 115 apply, *mutatis mutandis*, to every provincial company, registered under this Part to transact any class or classes of insurance business, to the same extent as they are applicable to or in respect of a company registered to transact the same class or classes of insurance business under Part III, but, to the extent to which any provision of the said sections would effect an enlargement, in any respect, of the corporate powers or rights of any provincial company under its constating instrument, such provision shall not apply to the provincial company."

29. (1) Paragraphs (*h*) and (*i*) of section 1 of the Second Schedule to the said Act are repealed and the following substituted therefor:

Bonds, etc., secured by mortgage.

"(*h*) the bonds, debentures or other evidences of indebtedness of a Canadian corporation that are fully secured by a mortgage, charge or hypothec to a trustee or to the company upon any, or any combination, of the following assets:

(i) real estate;

(ii) the plant or equipment of a corporation that is used in the transaction of its business; or

(iii) bonds, debentures or other evidences of indebtedness or shares, of a class specified in this Schedule as assets that may be vested in trust, or cash balances, if such bonds, debentures or other evidences of indebtedness, shares or cash balances are held by a trustee;

and the inclusion, as additional security under the mortgage, charge or hypothec, of any other assets not of a class specified in this Schedule shall not render such bonds, debentures or other evidences of indebtedness ineligible as assets that may be vested in trust;

Clause 28: This amendment would make the new subsections that are being added to section 81 by this Bill applicable to provincial companies registered under the Act. Section 155 at present reads as follows:

"**155.** Sections 52 to 54, subsections (1), (3) and (4) of section 55, sections 56 to *61*, *sections 62 to* 78, *subsections (1), (2) and (4) of section 81*, sections 82, 85, 101, 102, subsections (1), (2) and (5) of section 103, section 104 and sections 107 to 115 apply, *mutatis mutandis*, to every provincial company, registered under this Part to transact any class or classes of insurance business, to the same extent as they are applicable to or in respect of a company registered to transact the same class or classes of insurance business under Part III, but, to the extent to which any provision of the said sections would effect an enlargement, in any respect, of the corporate powers or rights of any provincial company under its constating instrument, such provision shall not apply to the provincial company."

Clause 29: The amendments contained in this clause, which apply to assets that may be vested in trust by British companies for the protection of Canadian policyholders, correspond to the amendments applicable to Canadian companies contained in subclauses (3) to (5) of clause 12. The amendment to paragraph (*p*) would enable a British company to vest in trust real estate acquired by foreclosure of a mortgage loan that is itself vested in trust at the time of foreclosure.

The paragraphs being amended read as follows:

"(*h*) the bonds, debentures or other evidences of indebtedness of a Canadian corporation that are fully secured by a mortgage, charge or hypothec to a trustee upon any, or upon any combination, of the following assets,

(i) real estate,

(ii) the plant or equipment of a corporation that is used in the transaction of its business, or

(iii) bonds, debentures or other evidences of indebtedness or shares of a class or classes specified in this Schedule as assets that may be vested in trust,

and the inclusion, as additional security under the mortgage, charge or hypothec, of any other assets not of a class specified in this Schedule shall not render such bonds, debentures or other evidences of indebtedness ineligible as assets that may be vested in trust;

(*i*) obligations or certificates issued by a trustee to finance the purchase of transportation equipment for a *railway company* incorporated in Canada, if the obligations or certificates are fully secured by

(i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and

(ii) a lease or conditional sale thereof by the trustee to the *railway company*;

Equipment trust certificates.

(*i*) obligations or certificates issued by a trustee to finance the purchase of transportation equipment for a corporation incorporated in Canada to be used on railways or public highways if the obligations or certificates are fully secured by

(i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and

(ii) a lease or conditional sale thereof by the trustee to the corporation;"

(2) Section 1 of the Second Schedule to the said Act is amended by adding thereto, immediately after paragraph (*j*) thereof, the following paragraph:

Guaranteed investment certificates.

"(*ja*) guaranteed investment certificates issued by a trust company incorporated in Canada that, at the date of vesting thereof in trust, complied with the requirements described in subparagraph (i) of paragraph (*j*) in respect of the payment of dividends;"

(3) Paragraph (*m*) of section 1 of the Second Schedule to the said Act is repealed and the following substituted therefor:

Real estate mortgages.

"(*m*) ground rents, mortgages or hypothecs on real estate in Canada, where the amount of the mortgage or hypothec together with the amount of indebtedness under any mortgage or hypothec ranking equally with or superior to the mortgage or hypothec that is vested in trust does not exceed two-thirds of the value of the real estate covered thereby;"

(4) Paragraphs (*o*) and (*p*) of section 1 of the Second Schedule to the said Act are repealed and the following substituted therefor:

Real estate for the production of income.

"(*o*) real estate or leaseholds for the production of income in Canada, either alone or jointly with any other company registered under this Act, if

(i) a lease of the real estate or leashold is made to, or guaranteed by, a corporation that, at the date of vesting thereof in trust, complied with the requirements described in subparagraph (i) of paragraph (*j*) in respect of the payment of dividends,

(ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least eighty-five per cent of the amount invested by the company in the real estate or leasehold within the period of the lease but not exceeding thirty years from the date of investment, and

(*m*) ground rents, mortgages or hypothecs on real estate in Canada, where the amount of the mortgage or hypothec together with the amount of indebtedness under any mortgage or hypothec ranking superior to the mortgage or hypothec that is vested in trust does not exceed *sixty per cent* of the value of the real estate covered thereby;

(*o*) real estate or leaseholds for the production of income in Canada, either alone or jointly with any other company registered under this Act, if

(i) a lease of the real estate or leasehold is made to, or guaranteed by, a corporation that has met the dividend requirements specified in subparagraph (i) of paragraph (*j*),

(ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least eighty-five per cent of the amount invested by the company in the real estate or leasehold within the period of the lease but not exceeding thirty years from the date of investment, and

(iii) the total investment of a company in any one parcel of real estate or in any one leasehold does not exceed *one-half of* one per cent of the accepted value of the total assets in Canada of the company;

and the company may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold;

(*p*) real estate in Canada required by the company for its actual use or occupation or reasonably required by it for the natural expansion of its business; or"

(iii) the total investment of a company in any one parcel of real estate or in any one leasehold does not exceed one per cent of the accepted value of the total assets in Canada of the company;

Real estate for use and occupancy, or acquired by foreclosure.

(*p*) real estate in Canada required by the company for its actual use or occupation or reasonably required by it for the natural expansion of its business or acquired by foreclosure of a mortgage on real estate where the mortgage is vested in trust under this Act; or"

30. Paragraph (*b*) of section 2 of the Second Schedule to the said Act is repealed and the following substituted therefor:

Real estate mortgages.

"(*b*) real estate or leaseholds for a term of years or other estate or interest in real estate in Canada, where the amount of the loan together with the amount of indebtedness under any mortgage or other charge on the real estate or interest therein ranking equally with or superior to the loan does not exceed two-thirds of the value of the real estate or interest therein, subject to the exception that a company that has real estate vested in trust may, upon sale thereof, vest in trust a mortgage or other title accepted as part payment and secured thereon for more than two-thirds of the sale price of the real estate; or"

31. Section 3 of the Second Schedule to the said Act is repealed and the following substituted therefor:

Securities received on reorganization, liquidation or amalgamation.

"**3.** Where a company has vested in trust the securities of a corporation and as a result of a *bona fide* arrangement for the reorganization or liquidation of the corporation or for the amalgamation of the corporation with another corporation, the company acquires, in exchange for such securities, bonds, debentures or other evidences of indebtedness or shares not eligible under the foregoing provisions of this Schedule for vesting in trust, the bonds, debentures or other evidences of indebtedness or shares so acquired may be vested in trust for the purposes of this Act but only for a period of five years after their acquisition, or such further period as the Treasury Board may from time to time determine, unless it is shown to the satisfaction of the Treasury Board that such bonds, debentures or other evidences of indebtedness or shares are not inferior in status or value to the securities for which they have been substituted or unless they have become eligible for vesting in trust under the foregoing provisions of this Schedule."

Clause 30: This amendment, which applies to assets that may be vested in trust by British companies, corresponds to the amendment applicable to Canadian companies contained in subclause (6) of clause 12.

Paragraph (*b*) at present reads as follows:

"(*b*) real estate or leaseholds for a term of years or other estate or interest in real estate in Canada, where the amount of the loan together with the amount of indebtedness under any mortgage or other charge on the real estate or interest therein ranking superior to the loan does not exceed *sixty per cent* of the value of the real estate or interest therein, subject to the exception that a company that has real estate vested in trust may, upon sale thereof, vest in trust a mortgage or other title accepted as part payment and secured thereon for more than *sixty per cent* of the sale price of the real estate; or"

Clause 31: This amendment, which applies to assets that may be vested in trust by British companies, corresponds to the amendment applicable to Canadian companies contained in subclause (7) of clause 12.

Section 3 of the Second Schedule at present reads as follows:

"**3.** Where a company has vested in trust the securities of a corporation and as a result of a bona fide arrangement for the reorganization of the corporation or for the amalgamation of the corporation with another corporation, the company acquires, in exchange for such securities, bonds, debentures or other evidences of indebtedness or shares not eligible under the foregoing provisions of this Schedule for vesting in trust, the bonds, debentures or other evidences of indebtedness or shares so acquired may be vested in trust for the purposes of this Act but only for a period of five years after their acquisition, or such further period as the Treasury Board may from time to time determine, unless it is shown to the satisfaction of the Treasury Board that such bonds, debentures or other evidences of indebtedness or shares are not inferior in status or value to the securities for which they have been substituted or unless they have become eligible for vesting in trust under the foregoing provisions of this Schedule."

32. Paragraph (iii) of section 4 of the Second Schedule to the said Act is repealed and the following substituted therefor:

Limitation.

"(iii) the total accepted value of the investments and loans vested in trust pursuant to this section, excluding those that are or at any time since vesting in trust have been eligible apart from this section, shall not exceed five per cent of the accepted value of the total assets in Canada of the company."

33. Section 5 of the Second Schedule to the said Act is repealed and the following substituted therefor:

National Housing Acts.

"**5.** Notwithstanding the foregoing provisions of this Schedule, a company may vest in trust, loans and investments made pursuant to *The National Housing Act, 1938*, the *National Housing Act* and the *National Housing Act, 1954*."

34. Section 7 of the Second Schedule to the said Act is repealed and the following substituted therefor:

Limitation on real estate for the production of income.

"**7.** The total accepted value of the real estate or leaseholds for the production of income, vested in trust under this Schedule, shall not at any time exceed ten per cent of the accepted value of the total assets in Canada of the company."

35. Section 9 of the Second Schedule to the said Act is repealed.

36. (1) Division (A) of the Third Schedule to the said Act is amended by substituting for the tables of mortality specified therein the following:

"(*a*) American Experience Table, Am Exp.
(*b*) Institute of Actuaries of Great Britain, H^m
(*c*) British Offices Life Tables, 1893, $O^m(5)$

Clause 32: This amendment, which applies to assets that may be vested in trust by British companies, corresponds to the amendment applicable to Canadian companies contained in subclause (7) of clause 12.

Paragraph (iii) at present reads as follows:

"(iii) the total accepted value of the investments and loans vested in trust pursuant to this section, excluding those that are or at any time since vesting in trust have been eligible apart from this section, shall not exceed *three* per cent of the accepted value of the total assets in Canada of the company."

Clause 33: This amendment adds the underlined reference to the *National Housing Act, 1954*.

Clause 34: This amendment, which applies to assets that may be vested in trust by British companies, corresponds to the amendment applicable to Canadian companies contained in subclause (8) of clause 12.

Section 7 of the Second Schedule at present reads as follows:

"**7.** The total accepted value of the real estate or leaseholds for the production of income, vested in trust under this Schedule, shall not at any time exceed *five* per cent of the accepted value of the total assets in Canada of the company."

Clause 35: Prior to 1950, British companies could vest in trust mortgages that exceeded 60% of the value of the real estate covered thereby but they were accepted at not more than 60% of that value. In 1950 the rule was changed to permit the vesting in trust of mortgages only if they did not exceed 60% of the value of the real estate, and section 9 of the Second Schedule was enacted to provide for the transition from the former rule to the present rule. It no longer serves any useful purpose. The section being repealed reads as follows:

"**9.** Notwithstanding the limitations in paragraph (*m*) of section 1 and in paragraph (*b*) of section 2 of this Schedule, a company may vest in trust any mortgages or hypothecs on real estate in Canada acquired or entered into prior to the 1st day of April, 1950, where the amount of the mortgage or hypothec exceeds sixty per cent of the value of the real estate covered thereby but any such mortgage or hypothec shall not be vested in trust for an amount in excess of sixty per cent of the value of the real estate."

Clause 36: (1) At present actuarial reserves for life insurance policies may be calculated on the basis of any one of the mortality tables listed in Division (A) of the Third Schedule. This amendment would delete from the list two old tables that are no longer considered to be of general applicability, and would add a new table based on modern mortality experience.

(*d*) Canadian Men Table, $C^M(5)$
(*e*) American Men Table, AM(5)
(*f*) Mortality of Assured Lives, A 1924–29
(*g*) Commissioners 1941 Standard Ordinary Mortality Table, 1941 CSO
(*h*) Commissioners 1958 Standard Ordinary Mortality Table, 1958 CSO."

(2) Division (C) of the Third Schedule to the said Act is repealed and the following substituted therefor:

"*(C)—As respects life annuities (immediate or deferred), including life annuity settlements (other than disability annuities) arising out of life insurance policies.*

The bases of valuation shall be an assumed rate of interest not exceeding four per cent per annum and one of the tables of mortality specified below, male or female, according to the sex of the nominee, or any other table of mortality that may be approved by the Superintendent.

Tables of Mortality.

(*a*) Mortality of Annuitants, 1900–1920, *a*(*f*) and *a*(*m*)
(*b*) 1937 Standard Annuity Table
(*c*) The *a*–1949 Table (Annuity Table for 1949)
(*d*) The *a*(55) Tables for Annuitants.

In the valuation of deferred annuities, the method of valuation shall be the net level premium method subject to such adaptations as the Superintendent may deem appropriate in any case where the premium for the policy may not be uniform throughout the premium paying period."

(3) Division (D) of the Third Schedule to the said Act is repealed and the following substituted therefor:

"*(D)—As respects future payments dependent on a term certain only, including term certain annuities arising out of life insurance policies.*

The valuation shall be made at a rate of interest not exceeding four per cent per annum, and the method of valuation shall be the net level premium method subject to such adaptations as the Superintendent may deem appropriate in any case where the premium for the policy may not be uniform throughout the premium paying period."

The present list of tables is as follows:

"(*a*) Canadian Men Table, C^m (5)
(*b*) British Offices Life Tables, 1893, O^m (5)
(*c*) *British Offices Life Tables, 1893, O^m*
(*d*) *British Offices Life Tables, 1893, $O^{[m]}$*
(*e*) Institute of Actuaries of Great Britain, H^m
(*f*) American Men Table, AM (5)
(*g*) American Experience Table, Am Exp.
(*h*) Commissioners 1941 Standard Ordinary Mortality Table, 1941 CSO
(*i*) Mortality of Assured Lives, A 1924-29."

(2) This amendment would delete one old mortality table from the list of tables that may be used to calculate actuarial reserves for life annuities, and would add two new tables based upon modern mortality experience. Also, the maximum rate of interest that may be used in calculating such reserves would be raised from $3\frac{1}{2}\%$ to 4%.

Division (C) at present reads as follows:

"(*C*)—*As respects life annuities (immediate or deferred), including life annuity settlements (other than disability annuities) arising out of life insurance contracts.*

The bases of valuation shall be an assumed rate of interest not exceeding *three and one-half* per cent per annum and one of the tables of mortality specified below, male or female, according to the sex of the nominee, or any other table of mortality that may be approved by the Superintendent.

Tables of Mortality.

(*a*) Mortality of Annuitants, 1900-1920, *a*(*f*) and *a*(*m*)
(*b*) *Rutherford's Annuity Tables*
(*c*) 1937 Standard Annuity Table.

In the valuation of deferred annuities, the method of valuation shall be the net level premium method subject to such adaptations as the Superintendent may deem appropriate in any case where the premium for the policy may not be uniform throughout the premium paying period."

(3) This amendment would raise from $3\frac{1}{2}\%$ to 4% the maximum rate of interest that may be used in calculating actuarial reserves for annuities payable for a term certain.

Division (D) at present reads as follows:

"(*D*)—*As respects future payments dependent on a term certain only, including term certain annuities arising out of life insurance contracts.*

The valuation shall be made at a rate of interest not exceeding *three and one-half* per cent per annum, and the method of valuation shall be the net level premium method subject to such adaptations as the Superintendent may deem appropriate in any case where the premium for the policy may not be uniform throughout the premium paying period."

Fourth Session, Twenty-Fourth Parliament, 9 Elizabeth II, 1960–1961.

THE SENATE OF CANADA

BILL S-6.

An Act to amend the Foreign Insurance Companies Act.

First reading, Tuesday, 24th January 1961.

Honourable Senator ASELTINE.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24443–4

4th Session, 24th Parliament, 9 Elizabeth II, 1960-1961.

THE SENATE OF CANADA

BILL S-6.

An Act to amend the Foreign Insurance Companies Act.

R.S. c. 125; 1956, c. 30.

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

1. Section 13 of the *Foreign Insurance Companies Act* is repealed and the following substituted therefor:

Assets to be maintained by fraternal benefit societies.

"**13.** Every fraternal benefit society registered under this Act to transact any class of insurance business shall at all times maintain assets in Canada of an amount at least equal to its liabilities to policyholders in Canada, including matured claims and the reserve for outstanding policies in Canada computed in accordance with subsection (2) of section 43, after deducting any claim the society has against such policies, together with its other liabilities in Canada."

2. Subsection (2) of section 26 of the said Act is repealed and the following substituted therefor:

To be included in Superintendent's report.

"(2) The statements so deposited shall be embodied in summary form by the Superintendent in the annual report prepared by him for the Minister."

3. Section 36 of the said Act is repealed and the following substituted therefor:

Life insurance companies.

"**36.** This Part applies to companies registered under this Act in respect of business in Canada that may be transacted under a certificate of registry to transact the business of life insurance."

Explanatory Notes.

The purpose of this Bill is to make certain changes with respect to the classes of assets that may be held in Canada by foreign insurance companies and foreign fraternal societies to cover their liabilities in Canada. The proposed changes correspond to the changes proposed in the investment powers of Canadian insurance companies, as set forth in the Bill to amend the *Canadian and British Insurance Companies Act*. The Bill would also effect a number of substantially technical changes that have, in the course of the administration of the Act, proved to be desirable.

Clause 1: At present fraternal benefit societies are required to maintain assets in Canada to cover liabilities in respect of insurance policies issued in Canada on or after January 1, 1920. All registered societies having Canadian policies issued before that day have voluntarily placed assets in Canada to cover the liabilities arising therefrom. The amendment to section 13 would alter the existing requirement to make it apply to all Canadian policies of a society whenever issued. A society would also be permitted to deduct claims that it might have against such policies in computing the liability to be covered, thereby placing it on the same basis in this respect as a foreign life insurance company.

Section 13 at present reads as follows:

"**13.** Every fraternal benefit society registered under this Act to transact any class of insurance business shall at all times maintain assets in Canada of an amount at least equal to its liabilities to policyholders in Canada *under policies in Canada issued on or after the 1st day of January, 1920*, computed in accordance with the provisions of subsection (2) of section 43."

Clause 2: This amendment would require the Superintendent to show in his annual report only a summary of the half-yearly statement of changes in assets vested in trust, instead of the full detail as presently required.

Subsection (2) at present reads as follows:

"(2) The statements so deposited shall be embodied by the Superintendent *by way of appendix or otherwise* in the annual report prepared by him for the Minister."

Clause 3: This amendment would clarify the application of Part II of the Act.

Section 36 at present reads as follows:

"**36.** This Part applies to companies registered under this Act *to transact only the business of life insurance, and to other companies so registered to transact the business of life and other insurance, in respect of the life insurance business of such companies.*"

4. (1) Paragraph (*b*) of subsection (2) of section 37 of the said Act is repealed and the following substituted therefor:

Insurance against accidental death, accidental dismemberment or accidental loss of sight.

"(*b*) insurance against accidental death, accidental dismemberment or accidental loss of sight, if included in a policy of life insurance and if the additional benefit payable in event of accidental death does not exceed twice the sum assured on the date of death payable in event of death from any cause and the benefit payable in event of accidental dismemberment or accidental loss of sight does not exceed that sum assured;"

(2) Section 37 of the said Act is further amended by adding thereto the following subsections:

Separate fund required.

"(5) If a company in the exercise of its powers issues policies in Canada such that the reserves therefor to be included in the annual statement pursuant to section 38 vary in amount depending upon the market value of a specified group of assets, the company shall maintain in respect of such policies one or more separate and distinct funds with separate assets for each such fund.

Segregation of assets.

(6) Where a separate and distinct fund with separate assets is maintained pursuant to subsection (5), the assets of the fund so maintained shall be available only to meet the liabilities arising under policies in respect of which such fund is maintained and shall not be liable for the payment of claims arising from any other policies.

Investment limitations.

(7) Subject to subsection (8), where a separate and distinct fund with separate assets is maintained by a company with respect to any policies in Canada, the percentage limits specified in sections 4, 6 and 7 of Schedule I apply to the investments and loans constituting the assets in Canada of the fund as if those assets were the total assets in Canada of the company.

Exception.

(8) Where the policies in respect of which a separate and distinct fund with separate assets is maintained are such that the liabilities therefor to be included in the annual statement pursuant to section 38 vary in amount depending upon the market value of the assets of the fund, the percentage limits specified in sections 6 and 7 of Schedule I do not apply to the assets in Canada constituting the assets of the fund and, in the application of those limits to the total assets in Canada of the company, the assets in Canada of any such separate fund shall not be taken into account."

5. (1) Subsection (1) of section 43 of the said Act is repealed.

(2) Subsection (2) of section 43 of the said Act is repealed and the following substituted therefor:

Clause 4: (1) The amendment to paragraph (*b*) would expand somewhat the extent to which personal accident insurance may be combined with a company's life insurance business and transacted under a certificate of registry to transact the business of life insurance.

Paragraph (*b*) at present reads as follows:

"(b) insurance against death as a result of accident if included in a policy of life insurance and if the additional benefit payable in event of accidental death does not exceed the sum assured on the date of death payable in event of death from any cause;"

(2) Subsections (5) to (8) are new. The proposed subsection (5) would permit a company to maintain a separate fund with separate assets in respect of policies issued in Canada providing for "variable" benefits, that is to say, policies under which the obligations of the insurance company vary with the investment results shown by a specified group of assets. The new subsection (6) would specify that the assets to be maintained in Canada with respect to any such separate fund are available only for the purposes of that fund. The new subsection (7) would specify that certain limitations as regards the classes of assets that may be held in Canada to cover a company's Canadian liabilities would apply to each fund taken by itself as well as to the company's total Canadian business. A special exemption would be provided by subsection (8), whereby for "variable" policies as described above, companies would have freedom to vest in trust common shares and income real estate beyond the limits otherwise prescribed.

Clause 5: This amendment would specify that the liabilities in Canada of a fraternal benefit society shall include a reserve for policies issued in Canada before January 1, 1920 as well as policies issued on or after that day. See, in this connection, the explanatory note opposite clause 1 of this Bill.

Computation of liabilities.

"(2) For the purposes of sections 13 and 52, the liabilities of every fraternal benefit society to its policyholders in Canada shall include a reserve in respect of its outstanding policies in Canada based on such mortality and other tables as are, in the opinion of the Superintendent, appropriate, and a rate of interest not exceeding four per cent per annum."

6. Subsection (1) of section 50 of the said Act is repealed and the following substituted therefor:

Classes of insurance available without deposit.

"**50.** (1) Any company registered under this Act to transact the business of fire insurance is, upon compliance with the conditions of this Act other than in respect of an increase in deposit with the Minister, entitled to receive a certificate of registry for any one or more of the following classes of insurance limited to the insurance of the same property as is insured by the company against the risk of fire, namely: civil commotion insurance, earthquake insurance, falling aircraft insurance, hail insurance, impact by vehicles insurance, limited or inherent explosion insurance, sprinkler leakage insurance, water damage insurance, weather insurance and windstorm insurance, if in the case of a company that is not an exchange such class or classes of insurance are authorized by its Act of incorporation or charter."

7. Section 52 of the said Act is repealed and the following substituted therefor:

Withdrawal of certificate for deficiency of assets—fraternal benefit societies.

"**52.** Where it appears from the annual statements or from an examination, made as provided by this Act, of the condition and affairs of any fraternal benefit society registered under this Act to transact any class or classes of insurance business, that its liabilities in respect of outstanding policies in Canada, including matured claims and a reserve computed in accordance with subsection (2) of section 43 after deducting any claim the society has against such policies, exceed its assets in Canada, the Minister shall notify the society, and request it to make good the deficiency, and in the event of its failure to make the same good within sixty days after being so requested, the Minister may withdraw its certificate of registry."

8. (1) Section 62 of the said Act is amended by adding thereto, immediately after paragraph (*a*) thereof, the following paragraph:

Subsections (1) and (2) at present read as follows:

"**43.** (1) The annual statement of Canadian business required to be deposited in the Department under the provisions of this Act by every fraternal benefit society shall, to the extent that the Minister may require, show separately the business in respect of policies in Canada issued on or after the 1st day of January, 1920, together with the liabilities in respect of such business; and, for the purposes of Part III of the *Winding-up Act*, the society's policies in Canada and policyholders in Canada shall be deemed to be the policies in Canada issued on or after the said date, the holders thereof respectively.

(2) For the purposes of sections 13 and 52, the liabilities of *any such* society to its policyholders in Canada of any class of insurance shall be deemed to be its liabilities in respect of its policies in Canada of such class issued on or after the said date, including in the said liabilities a reserve based on such mortality and other tables as are, in the opinion of the Superintendent, appropriate, and a rate of interest not exceeding four per cent per annum."

Clause 6: This amendment would add three classes of insurance to the classes that may now be included, subject to certain limitations, in a certificate of registry without additional deposit, and would make minor changes in wording.

Subsection (1) at present reads as follows:

"**50.** (1) Any company registered under this Act to transact the business of fire insurance is, upon compliance with the conditions of this Act other than in respect of an increase in deposit with the Minister, entitled to receive a certificate of registry for any one or more of the following classes of insurance limited to the insurance of the same property as is insured *under a policy of fire insurance of such company*, namely, falling aircraft, earthquake, tornado, hail, sprinkler leakage, limited or inherent explosion and civil commotion, if in the case of a company that is not an exchange such class or classes of insurance are authorized by its Act of incorporation or charter."

Clause 7: This amendment would remove the special exemption for policies issued before January 1, 1920, and is consequential upon the amendment contained in clauses 1 and 5.

Section 52 at present reads as follows:

"**52.** Where it appears from the annual statements or from an examination, made as provided by this Act, of the condition and affairs of any fraternal benefit society registered under this Act to transact any class or classes of insurance business, that its liabilities in respect of outstanding policies in Canada *issued on or after the 1st day of January, 1920*, including matured claims and a reserve computed in accordance with the provisions of section 43 after deducting any claim the society has against such policies, exceed its assets in Canada, the Minister shall notify the society, and request it to make good the deficiency, and in the event of its failure to make the same good within sixty days after being so requested, the Minister may withdraw its certificate of registry."

Clause 8: (1) Operators of some nuclear installations may require insurance coverage beyond the maximum obtainable in the Canadian market. This new paragraph would exempt from the requirements of the Act insurance against nuclear hazards to the extent that such insurance cannot be obtained within Canada.

Insurance of nuclear hazards.

"(*aa*) to any company in respect of insurance against injury to persons or loss of or damage to property, or against liability for such injury, loss or damage, caused by nuclear energy, including ionizing radiation and contamination by radioactive substances, to the extent that, in any case, such insurance is, in the opinion of the Superintendent, not available within Canada,"

(2) Paragraph (*c*) of section 62 of the said Act is repealed and the following substituted therefor:

Policies issued by unregistered company to non-residents of Canada.

"(*c*) to any company not registered under this Act, in respect of the collection or receipt of premiums on, or other business relating to, any policy of life insurance issued to a person not resident in Canada at the time of the issue of such policy."

9. (1) Paragraphs (*h*) and (*i*) of section 1 of Schedule I to the said Act are repealed and the following substituted therefor:

Bonds, etc., secured by mortgage.

"(*h*) the bonds, debentures or other evidences of indebtedness of a Canadian corporation that are fully secured by a mortgage, charge or hypothec to a trustee or to the company upon any, or any combination, of the following assets:

(i) real estate;

(ii) the plant or equipment of a corporation that is used in the transaction of its business; or

(iii) bonds, debentures or other evidences of indebtedness or shares, of a class specified in this Schedule as assets that may be vested in trust, or cash balances, if such bonds, debentures or other evidences of indebtedness, shares or cash balances are held by a trustee;

and the inclusion, as additional security under the mortgage, charge or hypothec, of any other assets not of a class specified in this Schedule shall not render such bonds, debentures or other evidences of indebtedness ineligible as assets that may be vested in trust;

(2) This amendment would delete two classes of fraternal societies from the classes that are exempted from the requirements of the Act by virtue of section 62. These exempt classes are no longer required since there are no longer any societies coming within such classes.

Paragraph (*c*) at present reads as follows:

"(*c*) *except as hereinbefore provided, to*

(i) any company not registered under this Act, in respect of the collection or receipt of premiums on, or other business relating to, any policy of life insurance issued to a person not resident in Canada at the time of the issue of such policy,

(ii) any fraternal benefit society that, prior to the 1st day of January, 1920, was not required to obtain a licence from the Minister and has not on or after the said date obtained such a licence, in respect of any policy or certificate issued in Canada before the said date, or

(iii) any society or organization of persons that, under subsection (2) of section 3 of the *Insurance Act*, chapter 101 of the Revised Statutes of Canada, 1927, was exempted from the provisions of the said Act, unless and until the period of exemption, if the exemption was for a limited period, has expired."

Clause 9: (1) At present mortgage bonds are eligible for vesting in trust by a foreign insurance company to cover liabilities in Canada only if the security behind them is mortgaged to a trustee. The amendment to paragraph (*h*) would make bonds eligible where the security behind them is mortgaged to the company that is proposing the bonds for vesting in trust. However, if the mortgaged security is property other than real estate, plant or equipment, the mortgaged security would have to be held by a trustee. Also, cash balances in the hands of a trustee would be recognized as one of the classes of assets that may be mortgaged as security for eligible bonds.

Paragraph (*h*) at present reads as follows:

"(*h*) the bonds, debentures or other evidences of indebtedness of a Canadian corporation that are fully secured by a mortgage, charge or hypothec to a trustee upon any, or upon any combination, of the following assets,

(i) real estate,

(ii) the plant or equipment of a corporation that is used in the transaction of its business, or

(iii) bonds, debentures or other evidences of indebtedness or shares of a class *or classes* specified in this Schedule as assets that may be vested in trust,

and the inclusion, as additional security under the mortgage, charge or hypothec, of any other assets not of a class specified in this Schedule shall not render such bonds, debentures or other evidences of indebtedness ineligible as assets that may be vested in trust;"

At present equipment trust certificates are eligible for vesting in trust if they relate to railway equipment. The amendment to paragraph (*i*) would also include trust certificates issued to finance the purchase of highway transportation equipment.

Equipment trust certificates.

(*i*) obligations or certificates issued by a trustee to finance the purchase of transportation equipment for a corporation incorporated in Canada to be used on railways or public highways if the obligations or certificates are fully secured by

(i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and

(ii) a lease or conditional sale thereof by the trustee to the corporation;"

(2) Section 1 of Schedule I to the said Act is further amended by adding thereto, immediately after paragraph (*j*) thereof, the following paragraph:

Guaranteed investment certificates.

"(*ja*) guaranteed investment certificates issued by a trust company incorporated in Canada that, at the date of vesting thereof in trust, complied with the requirements described in subparagraph (i) of paragraph (*j*) in respect of the payment of dividends;"

(3) Paragraph (*m*) of section 1 of Schedule I to the said Act is repealed and the following substituted therefor:

Real estate mortgages.

"(*m*) ground rents, mortgages or hypothecs on real estate in Canada, where the amount of the mortgage or hypothec together with the amount of indebtedness under any mortgage or hypothec ranking equally with or superior to the mortgage or hypothec that is vested in trust does not exceed two-thirds of the value of the real estate covered thereby;"

(4) Paragraphs (*o*) and (*p*) of section 1 of Schedule I to the said Act are repealed and the following substituted therefor:

"(*o*) real estate or leaseholds for the production of income in Canada, either alone or jointly with any other company registered under this Act, if

Real estate for the production of income.

(i) a lease of the real estate or leasehold is made to, or guaranteed by, a corporation that, at the date of the vesting thereof in trust, complied with the requirements described in subparagraph (i) of paragraph (*j*) in respect of the payment of dividends,

(ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least eighty-five per cent of the amount invested by the company in the real estate or leasehold within the period of the lease but not exceeding thirty years from the date of investment, and

Paragraph (*i*) at present reads as follows:

"(*i*) obligations or certificates issued by a trustee to finance the purchase of transportation equipment for a *railway company* incorporated in Canada, if the obligations or certificates are fully secured by

(i) an assignment of the transportation equipment to, or the ownership thereof by, the trustee, and

(ii) a lease or conditional sale thereof by the trustee to the *railway company*;"

(2) This new paragraph would recognize guaranteed investment certificates as eligible for vesting in trust if they are issued by a Canadian trust company that meets the specified dividend test, that is to say, a five-year record of dividends at the full rate on its preferred shares or a five-year record of dividends at a rate of at least 4% on its common shares.

(3) This amendment would enable a company to vest in trust mortgage loans in which the company has invested its funds if the loan does not exceed two-thirds of the value of the real estate covered thereby. At present such mortgage loans may be vested in trust only if they do not exceed 60% of the value of the real estate. Also, a minor change in wording would be effected.

Paragraph (*m*) at present reads as follows:

"(*m*) ground rents, mortgages or hypothecs on real estate in Canada, where the amount of the mortgage or hypothec together with the amount of indebtedness under any mortgage or hypothec ranking superior to the mortgage or hypothec that is vested in trust does not exceed *sixty per cent* of the value of the real estate covered thereby;"

(4) At present a company may vest in trust real estate purchased for the production of income if the real estate is leased to a corporation that has a specified dividend record, but no one parcel of such real estate may exceed one-half of one per cent of the total assets in Canada of the company. The amendment to paragraph (*o*) would increase the maximum limit on any one parcel of real estate to one per cent of the total assets in Canada of the company. Also, the application of the dividend test to the corporation to which the property is leased would be clarified.

Paragraph (*o*) at present reads as follows:

"(*o*) real estate or leaseholds for the production of income in Canada, either alone or jointly with any other company registered under this Act, if

(i) a lease of the real estate or leasehold is made to, or guaranteed by, a corporation that has met the dividend requirements specified in subparagraph (i) of paragraph (*j*),

(ii) the lease provides for a net revenue sufficient to yield a reasonable interest return during the period of the lease and to repay at least eighty-five per cent of the amount invested by the company in the real estate or leasehold within the period of the lease but not exceeding thirty years from the date of investment, and

(iii) the total investment of a company in any one parcel of real estate or in any one leasehold does not exceed one per cent of the accepted value of the total assets in Canada of the company;

Real estate for use and occupancy, or acquired by foreclosure.

(*p*) real estate in Canada required by the company for its actual use or occupation or reasonably required by it for the natural expansion of its business or acquired by foreclosure of a mortgage on real estate where the mortgage is vested in trust under this Act; or"

10. Paragraph (*b*) of section 2 of Schedule I to the said Act is repealed and the following substituted therefor:

Real estate mortgages.

"(*b*) real estate or leaseholds for a term of years or other estate or interest in real estate in Canada, where the amount of the loan together with the amount of indebtedness under any mortgage or other charge on the real estate or interest therein ranking equally with or superior to the loan does not exceed two-thirds of the value of the real estate or interest therein, subject to the exception that a company that has real estate vested in trust may, upon sale thereof, vest in trust a mortgage or other title accepted as part payment and secured thereon for more than two-thirds of the sale price of the real estate; or"

11. Section 3 of Schedule I to the said Act is repealed and the following substituted therefor:

Securities received on reorganization, liquidation or amalgamation.

"**3.** Where a company has vested in trust the securities of a corporation and as a result of a *bona fide* arrangement for the reorganization or liquidation of the corporation or for the amalgamation of the corporation with another corporation, the company acquires, in exchange for such securities, bonds, debentures or other evidences of indebtedness or shares not eligible under the foregoing provisions of this Schedule for vesting in trust, the bonds, debentures or other evidences of indebtedness or shares so acquired may be vested in trust for the purposes of this Act but only for a period of five years after their acquisition, or such further period as the Treasury Board may from time to time determine, unless it is shown to the satisfaction of the Treasury Board that such bonds, debentures or other evidences of indebtedness or shares are not inferior in status or value to the securities for which they have been substituted or unless they have become eligible for vesting in trust under the foregoing provisions of this Schedule."

(iii) the total investment of a company in any one parcel of real estate or in any one leasehold does not exceed *one-half of* one per cent of the accepted value of the total assets in Canada of the company;

and the company may hold, maintain, improve, lease, sell or otherwise deal with or dispose of the real estate or leasehold;"

The amendment to paragraph (*p*) would enable a company to vest in trust real estate acquired by foreclosure of a mortgage loan where the mortgage is itself vested in trust.

Paragraph (*p*) at present reads as follows:

"(*p*) real estate in Canada required by the company for its actual use or occupation or reasonably required by it for the natural expansion of its business; or"

Clause 10: The purpose of this amendment is to enable a company to vest in trust a mortgage loan that it has made if the loan does not exceed two-thirds of the value of the real estate. At present the maximum is 60% of the value of the real estate. Paragraph (*b*) of subsection (2) of Schedule I relates to mortgage loans made by the company, whereas paragraph (*m*) of section 1 thereof relates to mortgage loans made by others but purchased by the company as an investment.

Paragraph (*b*) at present reads as follows:

"(*b*) real estate or leaseholds for a term of years or other estate or interest in real estate in Canada, where the amount of the loan together with the amount of indebtedness under any mortgage or other charge on the real estate or interest therein ranking superior to the loan does not exceed *sixty per cent* of the value of the real estate or interest therein, subject to the exception that a company that has real estate vested in trust may, upon sale thereof, vest in trust a mortgage or other title accepted as part payment and secured thereon for more than *sixty per cent* of the sale price of the real estate; or"

Clause 11: At the present time, a company may vest in trust securities that are not otherwise eligible where the securities are received in exchange for eligible securities on the reorganization or amalgamation of a corporation. The amendment to section 3 of Schedule I, which adds the underlined words, would extend this authority to include such exchanges arising out of the liquidation of a corporation.

12. Paragraph (*c*) of section 4 of Schedule I to the said Act is repealed and the following substituted therefor:

Limitation.

"(*c*) the total accepted value of the investments and loans vested in trust pursuant to this section, excluding those that are or at any time since vesting in trust have been eligible apart from this section, shall not exceed five per cent of the accepted value of the total assets in Canada of the company."

13. Section 5 of Schedule I to the said Act is repealed and the following substituted therefor:

National Housing Acts.

"**5.** Notwithstanding the foregoing provisions of this Schedule, a company may vest in trust, loans and investments made pursuant to *The National Housing Act, 1938*, the *National Housing Act* and the *National Housing Act, 1954*."

14. Section 7 of Schedule I to the said Act is repealed and the following substituted therefor:

Limitation on real estate for the production of income.

"**7.** The total accepted value of the real estate or leaseholds for the production of income, vested in trust under this Schedule, shall not at any time exceed ten per cent of the accepted value of the total assets in Canada of the company."

15. Section 9 of Schedule I to the said Act is repealed.

Clause 12: This amendment would enable a company to vest in trust investments and loans not coming within any of the specified classes in Schedule I, up to a maximum of 5% of its total assets in Canada instead of 3%, as at present.

Paragraph (*c*) at present reads as follows:

"(*c*) the total accepted value of the investments and loans vested in trust pursuant to this section, excluding those that are or at any time since vesting in trust have been eligible apart from this section, shall not exceed *three* per cent of the accepted value of the total assets in Canada of the company."

Clause 13: This amendment adds the underlined reference to the *National Housing Act, 1954*.

Clause 14: Real estate for the production of income may now be vested in trust subject to a maximum limit of 5% of the total assets in Canada. This amendment would increase the maximum limit to 10% of the total assets in Canada.

Section 7 at present reads as follows:

"**7.** The total accepted value of the real estate or leaseholds for the production of income, vested in trust under this Schedule, shall not at any time exceed *five* per cent of the accepted value of the total assets in Canada of the company."

Clause 15: Prior to 1950, a company could vest in trust mortgages that exceeded 60% of the value of the real estate covered thereby but they were accepted at not more than 60% of that value. In 1950 the rule was changed to permit the vesting in trust of mortgage loans only if they did not exceed 60% of the value of the real estate, and section 9 of Schedule I was enacted to provide for the transition from the former rule to the present rule. It no longer serves any useful purpose.

The section being repealed reads as follows:

"**9.** Notwithstanding the limitations in paragraph (*m*) of section 1 and in paragraph (*b*) of section 2 of this Schedule, a company may vest in trust any mortgages or hypothecs on real estate in Canada acquired or entered into prior to the 1st day of April, 1950, where the amount of the mortgage or hypothec exceeds sixty per cent of the value of the real estate covered thereby but any such mortgage or hypothec shall not be vested in trust for an amount in excess of sixty per cent of the value of the real estate."

16. Section 7 of Schedule II to the said Act is repealed.

17. (1) Division (A) of the Annex to Schedule II to the said Act is amended by substituting for the tables of mortality specified therein the following:

"(*a*) American Experience Table, Am Exp.
(*b*) Institute of Actuaries of Great Britain, H^m
(*c*) British Offices Life Tables, 1893, $O^m(5)$
(*d*) Canadian Men Table, $C^M(5)$
(*e*) American Men Table, AM(5)
(*f*) Mortality of Assured Lives, A 1924-29
(*g*) Commissioners 1941 Standard Ordinary Mortality Table, 1941 CSO
(*h*) Commissioners 1958 Standard Ordinary Mortality Table, 1958 CSO."

(2) Division (C) of the Annex to Schedule II to the said Act is repealed and the following substituted therefor:

"(*C*)—*As respects life annuities* (*immediate or deferred*), *including life annuity settlements* (*other than disability annuities*) *arising out of life insurance policies.*

The bases of valuation shall be an assumed rate of interest not exceeding four per cent per annum and one of the tables of mortality specified below, male or female, according to the sex of the nominee, or any other table of mortality that may be approved by the Superintendent.

Clause 16: The repeal of section 7 of Schedule II would remove an existing provision whereby any company may require the Superintendent to calculate the actuarial reserve for its business in force in Canada on payment of a prescribed fee. This provision was first enacted many years ago when many companies were small and had limited access to actuarial advice, but has never been used and is no longer considered necessary.

The section being repealed reads as follows:

"**7.** Any company, instead of itself computing the reserve to be included in the liabilities in its annual statement, may require the valuation to be made by the Superintendent, in accordance with the provisions of this Schedule, on payment to him of three cents for each policy or bonus addition so valued, which amount the Superintendent shall pay over to the Minister; but the company in preparing the data for valuation may group any number of policies in a manner satisfactory to the Superintendent so that they may be valued as one policy and the charge for the valuation of each group shall be three cents; and a like charge shall be made and paid over to the Minister in respect of any valuations made by the Superintendent under the provisions of section 4 of this Schedule."

Clause 17: (1) At present actuarial reserves for life insurance policies may be calculated on the basis of any one of the mortality tables listed in Division (A) of the Annex to Schedule II. This amendment would delete from the list two old tables that are no longer considered to be of general applicability, and would add one new table based on modern mortality experience.

The present list of tables is as follows:

"(*a*) Canadian Men Table, C^m (5)
(*b*) British Offices Life Tables, 1893, O^m (5)
(*c*) *British Offices Life Tables, 1893*, O^m
(*d*) *British Offices Life Tables, 1893*, $O^{[m]}$
(*e*) Institute of Actuaries of Great Britain, H^m
(*f*) American Men Table, AM (5)
(*g*) American Experience Table, Am Exp.
(*h*) Commissioners 1941 Standard Ordinary Mortality Table, 1941 CSO
(*i*) Mortality of Assured Lives, A 1924–29."

(2) This amendment would delete one old mortality table from the list of tables that may be used to calculate actuarial reserves for life annuities and would add two new tables based on modern mortality experience. Also, the maximum rate of interest that may be used in calculating such reserves would be raised from $3\frac{1}{2}\%$ to 4%.

Division (C) at present reads as follows:

"(*C*)—*As respects life annuities (immediate or deferred), including life annuity settlements (other than disability annuities) arising out of life insurance contracts.*

The bases of valuation shall be an assumed rate of interest not exceeding *three and one-half* per cent per annum and one of the tables of mortality specified below, male or female, according to the sex of the nominee, or any other table of mortality that may be approved by the Superintendent.

Tables of Mortality.

(*a*) Mortality of Annuitants, 1900-1920, *a*(*f*) and *a*(*m*)
(*b*) 1937 Standard Annuity Table
(*c*) The *a*-1949 Table (Annuity Table for 1949)
(*d*) The *a*(55) Tables for Annuitants.

In the valuation of deferred annuities, the method of valuation shall be the net level premium method subject to such adaptations as the Superintendent may deem appropriate in any case where the premium for the policy may not be uniform throughout the premium paying period."

(3) Division (D) of the Annex to Schedule II to the said Act is repealed and the following substituted therefor:

"(*D*)—*As respects future payments dependent on a term certain only, including term certain annuities arising out of life insurance policies.*

The valuation shall be made at a rate of interest not exceeding four per cent per annum, and the method of valuation shall be the net level premium method subject to such adaptations as the Superintendent may deem appropriate in any case where the premium for the policy may not be uniform throughout the premium paying period."

Tables of Mortality.

(*a*) Mortality of Annuitants, 1900–1920, *a*(*f*) and *a*(*m*)
(*b*) *Rutherford's Annuity Tables*
(*c*) 1937 Standard Annuity Mortality Table.

In the valuation of deferred annuities, the method of valuation shall be the net level premium method subject to such adaptations as the Superintendent may deem appropriate in any case where the premium for the policy may not be uniform throughout the premium paying period."

(3) This amendment would raise from $3\frac{1}{2}\%$ to 4% the maximum rate of interest that may be used in calculating actuarial reserves for annuities payable for a term certain.

Division (D) at present reads as follows:

"(*D*)—*As respects future payments dependent on a term certain only, including term certain annuities arising out of life insurance contracts.*

The valuation shall be made at a rate of interest not exceeding *three and one-half* per cent per annum, and the method of valuation shall be the net level premium method subject to such adaptations as the Superintendent may deem appropriate in any case where the premium for the policy may not be uniform throughout the premium paying period."

Fourth Session, Twenty-Fourth Parliament, 9 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-7.

An Act respecting Queen's University at Kingston.

Read a first time, Tuesday, 24th January, 1961.

Honourable Senator DAVIES.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24431-9

4th Session, 24th Parliament, 9 Elizabeth II ,1960-61.

THE SENATE OF CANADA

BILL S-7.

An Act respecting Queen's University at Kingston.

Preamble.
1882, c. 123;
1889, c. 103;
1906, c. 152;
1912, c. 138;
1912, c. 139;
1914, c. 141;
1916, c. 62.

WHEREAS Queen's University at Kingston has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section 11 of chapter 123 of the statutes of 1882 is repealed and the following substituted therefor:—

"**11.** There shall be a Vice-Chancellor of the University, appointed by the Board of Trustees, who may or may not be the Principal. In the absence of the Chancellor, the Vice-Chancellor shall take his place and discharge his duties."

Explanatory Note.

The governing statute, chapter 123 of the statutes of 1882, provides by section 11 thereof, as follows:—

> "**11.** The Principal shall be Vice-Chancellor of the University, and in the absence of the Chancellor shall take his place and discharge his duties."

The purpose of the proposed amendment is to give the Board of Trustees freedom of decision in the future so that the Principal and Vice-Chancellor may be one person or two persons as the Board in its discretion may decide.

No change is proposed in the method of appointment, or in the statutory duties of these officers.

Fourth Session, Twenty-Fourth Parliament, 9 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-8.

An Act to incorporate Canadian Federation of Music Teachers' Associations.

Read a first time, Tuesday, 24th January, 1961.

Honourable Senator IRVINE.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24423-6

4th Session, 24th Parliament, 9 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-8.

An Act to incorporate Canadian Federation of Music Teachers' Associations.

Preamble.

WHEREAS the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Incorporation.

1. Reginald Bedford, of the city of Hamilton, in the province of Ontario, Elizabeth Wilson Black, of the town of Port Colborne, in the province of Ontario, Alf Carlson, of the city of Vancouver, in the province of British Columbia, Robert Pounder, of the city of Edmonton, in the province of Alberta, Gordon Hancock, of the city of Regina, in the province of Saskatchewan, Bjorg Violet Isfeld, of the city of Winnipeg, in the province of Manitoba, Janetta Warnock Mustard, of the city of Sudbury, in the province of Ontario, Edna Marie Hawkin, of the city of Montreal, in the province of Quebec, Sister Mary Helena (Wadden), of the town of Antigonish, in the province of Nova Scotia, Ernest Walter Freeborn, of the city of Moncton, in the province of New Brunswick, being members of the executive committee of an unincorporated association known as Canadian Federation of Music Teachers' Associations, hereinafter called "the Association", together with such other persons as become members of the Association, are hereby incorporated under the name of Canadian Federation of Music Teachers' Associations, hereinafter called "the Federation".

Corporate name.

Objects.

2. The objects of the Federation shall be

(*a*) to encourage and assist all movements designed to improve standards of musical education and the training of teachers of music, to encourage and assist in the organization of music teachers' associations in

the provinces of Canada and to stimulate the acquisition of all-round musicianship and wide general culture among those who intend to qualify as teachers;

(*b*) to encourage and promote the knowledge and appreciation of music among music teachers and the general public and in the schools and universities of Canada, and to encourage a definite ethical standard of professional conduct among teachers of music;

(*c*) to promote the extension of music credits in the schools and universities of Canada; and

(*d*) to promote and maintain the status of professional music teachers in the community.

Membership.

3. The membership in the Federation shall comprise the members of the Association and all others who are from time to time admitted to membership under the provisions of the by-laws or rules of the Federation.

Executive committee.

4. (1) The affairs of the Federation shall be managed by an executive committee composed of:

(*a*) three representatives, appointed or elected to represent each of the Provincial Music Teachers' Associations which are members of the Federation;

(*b*) the immediate past president of the Federation, if there be one; and

(*c*) an additional representative appointed or elected by the Provincial Music Teachers' Association of which the president is a member.

(2) The term of office of each member of the executive committee shall be two years. At the conclusion of his term of office, an executive committee member may be reappointed or re-elected if otherwise qualified.

By-laws and regulations.

5. The Federation may enact, amend and repeal by-laws and regulations for any and all purposes of the Federation not inconsistent with the provisions of this Act; and, in particular, without limiting the generality of the foregoing, the Federation shall have power to define and regulate

(*a*) the terms and conditions of membership in the Federation and the rights, duties and privileges of members including their voting rights;

(*b*) the number, powers and duties of the officers of the Federation and the constitution, powers, duties, quorum, the term of office and method of election or appointment to the executive committee;

(*c*) the time and place for holding general or special meetings of the Federation and the notice and other requirements thereof, provided that general meetings shall be held only once in every two years unless the Federation decides that they shall be held more frequently;

(*d*) the time and place for holding regular and special meetings of the executive committee, the notice to be given thereof, the quorum required and the procedure to be followed at such meetings;

(*e*) the amount of the fees, assessments and dues payable by the members;

(*f*) the administration and management of the business and affairs of the Federation and the furthering of its objects and purposes; and

(*g*) the manner of voting by proxy or otherwise at executive committee meetings and at general and special meetings of the Federation: Provided that no such provision concerning voting shall have any force or effect until ratified at the next ensuing meeting of the Federation.

Additional powers.

6. In addition to the general powers accorded to it by law, the Federation shall have power, with the consent of seventy-five per centum of the members present at a general or special meeting of the Federation,

(*a*) to purchase, take on lease or in exchange, hire and otherwise acquire by gift, legacy, devise or otherwise and to own and hold any estate, property or rights, real or personal, movable or immovable, to any title or interest therein, and to sell, exchange, alienate, manage, develop, mortgage, hypothecate, lease or otherwise deal therewith as it may deem advisable for the purposes of the Federation;

(*b*) to borrow money for the purposes of the Federation;

(*c*) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange and other negotiable instruments or transferable instruments;

(*d*) to invest and deal with the moneys of the Federation not immediately required in such manner as may be determined from time to time; and

(*e*) to do all such lawful acts and things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the Federation.

Officers and committees of existing Association continue to hold office.

7. The present officers of the Association, the members of the executive committee and of the other committees appointed under the constitution and by-laws of the Association existing prior to the enactment of this Act shall continue to hold office as if they had been appointed or elected pursuant to this Act until their successors in office have been so appointed or elected.

Constitution, by-laws, etc. of Association to continue until amended or repealed.

8. The existing constitution, by-laws and rules of the Association, insofar as they are not contrary to law or to the provisions of this Act, shall be the constitution, by-laws and rules of the Federation until amended or repealed at a general meeting of the Federation.

First general meeting.

9. The first general meeting of the Federation shall be held within eighteen months from the time this Act comes into force at such time and place as the present executive committee of the Association may determine.

Federation vested with rights and assumes obligations of Association.

10. The corporation created by this Act is vested with all the rights and assumes all the obligations of the Association.

Head office.

11. The head office of the Federation shall be in the city of Hamilton, in the province of Ontario, or at such other place as the Federation may determine by by-law from time to time.

Fourth Session, Twenty-Fourth Parliament, 9 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-9.

An Act to incorporate International Brain Research Organization.

Read a first time, Thursday, 26th January, 1961.

Honourable Senator MOLSON.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24439-2

4th Session, 24th Parliament, 9 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-9.

An Act to incorporate International Brain Research Organization.

Preamble.

WHEREAS the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Incorporation.

1. Herbert Henri Jasper, professor, Wilder Graves Penfield, surgeon, both of the city of Westmount, in the province of Quebec, and Frank Campbell MacIntosh, professor, of the town of Montreal West, in the province of Quebec, being members of an unincorporated association known as the International Brain Research Organization, hereinafter called "the unincorporated association", and all other members of the unincorporated association, together with such other persons as may become members of the unincorporated association, are hereby incorporated under the name of International Brain Research Organization, and in French, Organisation Internationale de Recherche sur le Cerveau, hereinafter called "the Organization".

Corporate names.

Objects.

2. The objects of the Organization shall be

(*a*) to develop, support, co-ordinate, promote and undertake throughout the world scientific research and education in all fields concerning the brain;

(*b*) to promote international collaboration and interchange of scientific information on brain research; and

(*c*) to provide for and to assist in the dissemination of information relating to brain research through any media whatsoever.

Head office.

3. (1) The head office of the Organization shall be in the city of Montreal, in the province of Quebec, or at such other place as the Organization may determine by by-law from time to time.

(2) Notice in writing shall be given to the Secretary of State by the Organization of any change of location of the head office, and such notice shall be published forthwith in the *Canada Gazette*.

Central Committee.

4. The affairs of the Organization shall be managed by a Central Committee which shall be composed of members elected or appointed as the Organization may prescribe by by-law from time to time and which shall have the powers set out in the by-laws of the Organization.

By-laws, rules and regulations.

5. The Organization may enact, amend and repeal by-laws, rules and regulations for any and all purposes of the Organization not inconsistent with the provisions of this Act; and in particular, without limiting the generality of the foregoing, shall have power to define and regulate

(*a*) the terms, conditions and classes of membership in the Organization, the rights, duties and privileges of members, the qualifications, admission, suspension and expulsion of members, and the fees, subscriptions and dues to be paid by them;

(*b*) the method of election or appointment to the Central Committee, the constitution, powers, duties, quorum and terms of office with respect to such Central Committee, and the number, powers, duties and terms of office with respect to the officers and committees of the Organization and of the local committees and branches thereof;

(*c*) the time and place for holding meetings of the Central Committee, and other committees of the Organization, and the notice and other requirements therefor;

(*d*) the method of balloting by members of the Organization and its committees, whether by mail or otherwise; and

(*e*) the administration and management of the business and affairs of the Organization and the delegation of its powers, or any of them, to the Central Committee or to such other committees as it may from time to time appoint.

Additional powers.

6. (1) In addition to the general powers accorded to it by law, the Organization shall have power

(*a*) to acquire the whole or any part of the rights and properties held by, for or on behalf of the unincorporated association;

(*b*) to purchase, take on lease or in exchange, hire and otherwise acquire by gift, legacy, devise or otherwise and to own and hold any estate, property or rights, real or personal, movable or immovable, or any title or interest therein, and to sell, exchange, alienate, manage, develop, mortgage, hypothecate, lease or otherwise deal therewith as it may deem advisable for the purposes of the Organization;

(*c*) to borrow money for the purposes of the Organization;

(*d*) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange and other negotiable or transferable instruments;

(*e*) to invest and deal with the moneys of the Organization not immediately required, as may be determined from time to time; and

(*f*) to do all such lawful acts and things as are incidental or conducive to the attainment of the objects of the Organization, whether as principal, agent, contractor or otherwise, and either alone or in conjunction with others.

(2) Nothing in this section shall be deemed to authorize the Organization to issue any note payable to the bearer thereof, or any promissory note intended to be circulated as money or as the note of a bank, or to engage in the business of banking or insurance.

Continuance in office of present officers and members of committees.

7. The present officers and members of the Central Committee and of the other committees of the unincorporated association shall, subject to the by-laws, rules or regulations of such association, continue to hold office as if they had been appointed or elected in accordance with the provisions of this Act and of the by-laws, rules or regulations made thereunder, until their successors in office have been so appointed or elected.

Constitution, by-laws, etc., of unincorporated association to continue until amended or repealed.

8. The present constitution, by-laws, rules and regulations of the unincorporated association insofar as they are not contrary to law or the provisions of this Act, shall be the constitution, by-laws, rules and regulations of the Organization until altered or repealed pursuant to this Act.

First by-laws.

9. Subject to section 8, the first by-laws, rules and regulations of the Organization shall be enacted at a time and place and in such manner as may be determined by the Central Committee of the unincorporated association, and the said Central Committee may make regulations whereby the members of the Organization may ballot by mail in respect of the enactment of such by-laws, rules and regulations, and generally governing the procedure to be followed in connection with the enactment thereof.

Functions exercisable throughout Canada and elsewhere.

10. The Organization may exercise its functions throughout Canada or elsewhere, and meetings of the Organization, the Central Committee and any other committees of the Organization may be held at the head office of the Organization or elsewhere either within or without Canada.

Fourth Session, Twenty-Fourth Parliament, 9 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-10.

An Act to incorporate Canadian Pioneer Insurance Company.

Read a first time, Tuesday, 31st January, 1961.

Honourable Senator POWER.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24125-7

4th Session, 24th Parliament, 9 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-10.

An Act to incorporate Canadian Pioneer Insurance Company.

Preamble.

WHEREAS the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Incorporation.

1. Charles Gordon Angas, manager, of the town of Mount Royal, Brian Heward, stock broker, of the city of Westmount, both in the province of Quebec, and John A. Boyd, barrister-at-law, of the city of Toronto, in the province of Ontario, together with such persons as become shareholders in the company, are incorporated under the name of Canadian Pioneer Insurance Company, and in French, La Compagnie d'Assurance Pionnier Canadien, hereinafter called "the Company".

Corporate name.

Provisional directors.

2. The persons named in section 1 shall be the provisional directors of the Company.

Capital stock.

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

Subscription before general meeting.

4. The amount to be subscribed before the general meeting for the election of directors is called shall be six hundred and twenty thousand dollars.

Head office.

5. The head office of the Company shall be in the city of Montreal, in the province of Quebec.

Classes of insurance authorized.

6. The Company may undertake, transact and make contracts of insurance in any one or more of the following classes of insurance:

(*a*) fire insurance;
(*b*) accident insurance;
(*c*) aircraft insurance;
(*d*) automobile insurance;
(*e*) boiler insurance;
(*f*) credit insurance;
(*g*) earthquake insurance;
(*h*) explosion insurance;
(*i*) falling aircraft insurance;
(*j*) forgery insurance;
(*k*) guarantee insurance;
(*l*) hail insurance;
(*m*) impact by vehicles insurance;
(*n*) inland transportation insurance;
(*o*) live stock insurance;
(*p*) machinery insurance;
(*q*) marine insurance;
(*r*) personal property insurance;
(*s*) plate glass insurance;
(*t*) real property insurance;
(*u*) sickness insurance;
(*v*) sprinkler leakage insurance;
(*w*) theft insurance;
(*x*) water damage insurance;
(*y*) weather insurance;
(*z*) windstorm insurance.

Subscription and payment of capital before commencing business.

7. (1) The Company shall not commence any business of insurance until at least six hundred and twenty thousand dollars of its capital has been bona fide subscribed and at least that amount paid thereon. It may then transact the business of fire insurance, accident insurance, automobile insurance, boiler (excluding machinery) insurance, explosion insurance, guarantee insurance, inland transportation insurance, personal property insurance, plate glass insurance, real property insurance, theft insurance, and in addition thereto, earthquake insurance, falling aircraft insurance, hail insurance, impact by vehicles insurance, sprinkler leakage insurance, water damage insurance, weather insurance and windstorm insurance, limited to the insurance of the same property as is insured under a policy of fire insurance of the Company.

Additional amounts for certain classes of business.

(2) The Company shall not commence business in any of the other classes of insurance authorized by section 6 of this Act until the paid capital, or the paid capital together with the surplus, has been increased by an amount or amounts depending upon the nature of the additional class

or classes of business, as follows, that is to say:—for aircraft insurance, the said increase shall not be less than forty thousand dollars; for credit insurance, not less than forty thousand dollars; for earthquake insurance, not less than ten thousand dollars; for falling aircraft insurance, not less than ten thousand dollars; for forgery insurance, not less than forty thousand dollars; for hail insurance, not less than fifty thousand dollars; for impact by vehicles insurance, not less than ten thousand dollars; for live stock insurance, not less than forty thousand dollars; for machinery insurance, not less than forty thousand dollars; for marine insurance, not less than one hundred thousand dollars; for sickness insurance, not less than twenty thousand dollars; for sprinkler leakage insurance, not less than ten thousand dollars; for water damage insurance, not less than twenty thousand dollars; for weather insurance, not less than twenty thousand dollars; and for windstorm insurance, not less than fifty thousand dollars.

Periodic increase of paid capital and surplus.

(3) The Company shall, during the five years next after the date of its being registered for the transaction of fire insurance, increase its paid capital and surplus so that at the end of the first year it will be at least fifteen thousand dollars more than is required under the foregoing subsections of this section, and at the end of the second year at least thirty thousand dollars more than so required, and at the end of the third year at least forty-five thousand dollars more than so required, and at the end of the fourth year at least sixty thousand dollars more than so required, and at the end of the fifth year at least seventy-five thousand dollars more than so required.

When Company may transact any or all classes of insurance business.

(4) Notwithstanding anything to the contrary contained in this section, the Company may transact business in any one or more of the classes of insurance authorized by section 6 of this Act when the paid capital amounts to at least five hundred thousand dollars and the paid capital together with the surplus amounts to at least one million dollars.

"Surplus" defined.

(5) In this section the word "surplus" means the excess of assets over liabilities, including in the liabilities the amount paid on account of capital stock and the reserve of unearned premiums calculated *pro rata* for the unexpired term of all policies of the Company in force.

R.S., c. 31; 1956, c. 28; 1957-58, c. 11.

8. The *Canadian and British Insurance Companies Act* shall apply to the Company.

Fourth Session, Twenty-Fourth Parliament, 9 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-11.

An Act respecting The Canadian General Council of The Boy Scouts Association.

Read a first time, Tuesday, 31st January, 1961.

Honourable Senator THORVALDSON.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24427–7

4th Session, 24th Parliament, 9 Elizabeth II, 1961.

THE SENATE OF CANADA

BILL S-11.

An Act respecting The Canadian General Council of The Boy Scouts Association.

Preamble. 1914, c. 130; 1917, c. 73; 1959, c. 71.

WHEREAS The Canadian General Council of The Boy Scouts Association has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Change of name.

1. The name of The Canadian General Council of The Boy Scouts Association, hereinafter called "the Corporation", is hereby changed to Boy Scouts of Canada, and in French, Scouts du Canada. The Corporation may use either the English or French version of its name or both as and when it so elects.

Existing rights saved.

Such change in name shall not in any way impair, alter or affect the rights or liabilities of the Corporation, nor in any way affect any suit or proceeding now pending, or judgment existing, either by or in favour of or against the Corporation, which, notwithstanding such change in the name of the Corporation, may be prosecuted, continued, completed and enforced as if this Act had not been passed, and any suit or legal proceeding that might have been commenced or continued by or against the Corporation by its former name may be commenced or continued by or against the Corporation by its new name.

Explanatory Note.

The present name, The Canadian General Council of The Boy Scouts Association, was established when this Association was, in effect, a branch of the Boy Scouts Association incorporated by Royal Charter in London, England, on January 4th, 1912. Since that time the Canadian Association has become an independent member of the International Boy Scout Conference, and it is therefore appropriate that the name should be changed to avoid complications encountered by the suggestion that the Canadian Association continues to be a part of the British Association.

The name proposed, Boy Scouts of Canada, is short and descriptive, and is in keeping with the name adopted by many other National Boy Scout Associations: for instance, Boy Scouts of America; Boy Scouts of the Philippines; The Boy Scouts of Ireland; Burma Boy Scouts, etc.

Fourth Session, Twenty-Fourth Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-12.

An Act respecting Co-operative Life Insurance Company.

Read a first time, Thursday, 9th February, 1961.

Honourable Senator CAMERON.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24435-0

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-12.

An Act respecting Co-operative Life Insurance Company.

Preamble. 1946, c. 80.

WHEREAS Co-operative Life Insurance Company, hereinafter called "the Company", has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section 4 of chapter 80 of the statutes of 1946 is repealed and the following substituted therefor:

Voting.

"**4.** (1) Every policyholder shall be a member of the Company and if all due premiums are paid shall be entitled to vote in the affairs of the Company: Provided that every employee or agent of the Company who so qualifies as a member shall be entitled to vote in his own right, but shall not be entitled to vote as proxy for another member.

"Employee" defined.

(2) In this section "employee" means any person on the payroll of the Company, other than a director of the Company."

2. The said chapter 80 is further amended by adding thereto, immediately after section 4 thereof, the following section:

Residence qualification of directors.

"**4A.** (1) Each director shall be elected from a designated region in Canada and, to remain qualified, shall during office be ordinarily resident in such region: Provided that a director shall not be disqualified under this section while he is removed from such region in the service of the Company.

"Designated region" defined.

(2) For the purposes of this section, a designated region and its boundaries shall be as defined by by-law."

Explanatory Notes.

Section 4 of chapter 80 of the statutes of 1946 reads as follows:—

"4. Every policyholder shall be a member of the Company and if all due premiums are paid shall be entitled to vote in the affairs of the Company."

Clause 1 of this bill would add thereto a proviso and also a new subsection (2).

The proposed changes are designed to prevent employees of the Company from exercising the proxies of other members and thus to prevent the control of the Company from falling into the hands of head office personnel.

Clause 2 of the bill would add a new section 4A to the above-mentioned statute. Its purpose is to prevent the control of the Company from being concentrated in any one designated region.

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-13.

An Act respecting Canadian Pacific Railway Company.

Read a first time, Thursday, 9th February, 1961.

Honourable Senator STAMBAUGH.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24509-2

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-13.

An Act respecting Canadian Pacific Railway Company.

Preamble.

WHEREAS Canadian Pacific Railway Company has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Line of railway authorized.

1. Canadian Pacific Railway Company, hereinafter called "the Company", may construct a line of railway from a point at mileage 34.6 of its Hoadley subdivision on its line of railway, at or in the vicinity of Rimbey, in the province of Alberta, thence in a generally northeasterly direction for a distance of approximately eight and one-half miles to a point in section 5, township 44, range 1, west of the fifth meridian in the said province.

Time for completion.

2. If the construction of the said line of railway is not commenced within a period of two years or is not completed and put in operation within a period of five years after the passing of this Act, the powers of construction hereby conferred upon the Company shall cease and be null and void as regards so much of the said line of railway as shall then remain uncompleted.

Explanatory Note.

The purpose of this bill is to authorize the Canadian Pacific Railway Company to construct a branch line of railway from a point at or near Rimbey, in the province of Alberta, to the Rimbey gas-processing plant of the British American Oil Company Limited.

Parliamentary authority is necessary because the powers of the Board of Transport Commissioners for Canada to authorize construction of branch lines under the *Railway Act* are limited to those not exceeding six miles in length.

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-14.

An Act respecting Canadian General Insurance Company.

Read a first time, Tuesday, 28th February, 1961.

Honourable Senator MONETTE.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24517-5

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-14.

An Act respecting Canadian General Insurance Company.

Preamble. 1907, c. 87; 1922, c. 68; 1924, c. 86.

WHEREAS Canadian General Insurance Company, hereinafter called "the Company", has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Name in French.

1. The Company may use, in the transaction of its business, either the name Canadian General Insurance Company or the name Compagnie d'Assurance Canadienne Générale, in either of which names it may sue or be sued, and any transaction, contract or obligation heretofore or hereafter entered into or incurred by the Company in either of the said names shall be valid and binding on the Company.

Existing rights saved.

2. Nothing contained in section 1 of this Act shall in any way impair, alter or affect the rights or liabilities of the Company, except as therein expressly provided, nor in any way affect any suit or proceeding now pending or judgment existing, either by or in favour of or against the Company, which, notwithstanding the provisions of section 1 of the Act, may be prosecuted, continued, completed and enforced as if this Act had not been passed.

Explanatory Note.

The sole purpose of this bill is to add a French version to the name of Canadian General Insurance Company.

Fourth Session, Twenty-Fourth Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-15.

An Act respecting the construction of a bridge over the St. Lawrence River near the city of Trois-Rivières.

Read a first time, Wednesday, 8th March, 1961.

Honourable Senator METHOT.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24503-5

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-15.

An Act respecting the construction of a bridge over the St. Lawrence River near the city of Trois-Rivières.

Preamble.

WHEREAS it has been and still is in the interest of the cities, towns, villages and parishes situated in the electoral districts of Trois-Rivières, Maskinongé, Champlain, Saint-Maurice-Laflèche, Nicolet, Lotbinière and Drummond-Arthabaska, and of the whole province of Quebec, to construct a bridge connecting both shores of the St. Lawrence River in the vicinity of the city of Trois-Rivières;

And whereas to assure the construction, maintenance and operation of such bridge a corporation composed of six members and named La Corporation du Pont de Trois-Rivières, having the powers necessary for those purposes, has been created by a Special Act of the Legislature of the province of Quebec, assented to the 2nd February, 1956, a copy of which is set forth in the Schedule to this Act;

1956, c. 71.

And whereas an Act of the Parliament of Canada, hereinafter called "the original Act", authorizing the construction and maintenance of the said bridge and approving the site thereof, was assented to the 7th of June, 1956;

And whereas the original Act provided, in section 3 thereof, that the powers granted for the construction of the said bridge would cease and be null and void if approval of the plans therefor was not obtained from the Governor in Council within three years after the commencement of the said Act, which approval, in fact, has not yet been obtained;

And whereas another Act of the Parliament of Canada is necessary, providing again, in the same form and terms, for the powers granted by the original Act: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Construction of bridge authorized.

1. Subject to the provisions of this Act, La Corporation du Pont de Trois-Rivières is authorized to construct, maintain and operate a bridge and its approaches, for the passage of pedestrians, vehicles, carriages and other like purposes, connecting the north and south shores of the St. Lawrence River approximately one mile upstream from the western limits of the city of Trois-Rivières, in the province of Quebec.

Submission of plans for approval.

2. The said bridge shall be constructed and located under, and be subject to, such regulations for the security of navigation of the said river as the Governor in Council prescribes and to such end La Corporation du Pont de Trois-Rivières shall submit to the Governor in Council, for examination and approval a design and drawing of the bridge and a map of the location, giving the soundings accurately, showing the bed of the stream and the location of other bridges, and shall furnish such other information as is required for a full and satisfactory understanding of the subject, and until the said plans and location are approved by the Governor in Council the said bridge shall not be built or commenced; and if any change is made in the plans of the said bridge during its construction, such change shall be subject to the approval of the Governor in Council and shall not be made or commenced until it is so approved.

Time for commencement and completion of bridge.

3. The construction of the said bridge shall be commenced within three years after the plans therefor have been approved by the Governor in Council and shall be completed within four years after such commencement, otherwise the powers granted by this Act shall cease and be null and void as respects so much of the undertaking as then remains uncompleted: Provided, however, that if such approval is not obtained within three years after the passing of this Act, the powers granted for the construction of the said bridge shall cease and be null and void.

Proviso.

SCHEDULE.

An Act respecting the construction of a bridge over the St. Lawrence river, near the city of Trois-Rivières.

(*Assented to 2nd February, 1956.*)

WHEREAS it is in the interest of the cities, towns, villages and parishes situated in the electoral districts of Three Rivers, Maskinonge, Champlain, Saint-Maurice, Laviolette, Nicolet, Lotbiniere, Drummond and Arthabaska, and of the whole province, to construct a bridge connecting both sides of the St. Lawrence River in the neighbourhood of the city of Trois-Rivières;

Whereas, to build such bridge it is necessary to create a corporation with the powers requisite for that purpose;

Whereas, in order to repay the cost of construction and ensure the operation and maintenance, of such bridge it will have to be subject to tolls;

Therefore, Her Majesty, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows:

1. For the purposes of this act, the word "corporation" shall designate the corporation constituted by the present act.

2. A corporation without share-capital and for no pecuniary gain is hereby instituted under the name of "Corporation du Pont de Trois-Rivières", for the purposes hereinafter mentioned.

3. Such corporation shall be composed of six members, namely, John F. Wickenden, professional engineer, J. Henri René de Cotret, chartered accountant, Frank Spenard, broker, Maurice Langlois, professional engineer, and Francois Nobert, advocate, all five of Trois-Rivières, and one member to be appointed by the Municipal Council of the City of Trois-Rivières, such appointment to be made during the month following the coming into force of this act.

4. The corporation shall elect a president and a secretary from among its members. It shall also elect a treasurer from among its members or otherwise.

5. The affairs of the corporation shall be managed by its members; four of them shall form a quorum.

6. Any vacancy or vacancies among the members of the corporation, occasioned by death, sickness, lack of appointment or other cause, shall in no way affect the rights and powers of the corporation acting by its other members.

7. The appointive member shall be appointed for a term of three years, and shall be re-eligible.

8. Vacancy among the appointive members shall be filled by the authority that appointed the member to be replaced, and vacancies among the five other members shall be filled by majority decision of the corporation.

9. In case of an equality of votes, the president shall have a casting vote.

10. The remuneration, if any, of the president, secretary, treasurer and members shall be fixed by the corporation, subject to the approval of the municipal council of the city of Trois-Rivières.

11. The corporation may adopt and amend, from time to time, by-laws not inconsistent with this act for its government and the conduct of its affairs; such by-laws shall come into force only after their publication in the *Quebec Official Gazette*.

12. The corporation may engage such employees as it deems needful, fix their remuneration and determine their duties.

13. The purpose of the corporation shall be to build, maintain and operate a bridge connecting the north and south shores of the St. Lawrence river about one mile above the western limits of the city of Trois-Rivières, as well as the approaches giving access from the said bridge to the public road.

14. Without limiting the generality of the powers granted thereto by this act, the corporation may:

(*a*) have a seal;

(*b*) appear before the courts and enter into contracts;

(*c*) acquire, possess, administer, exploit and alienate such property as it deems useful for its purposes and make contracts for such purposes;

(*d*) borrow the moneys which it deems necessary for the attainment of the objects for which it is formed;

(*e*) issue debentures or other securities of the corporation at such times, in such forms, for such sums, in such denominations, bearing such dates, maturing at such dates, bearing such rates of interest, redeemable before maturing at such prices, profiting by such amortization funds, payable at such places in Canadian money or in other currency, containing such other terms, conditions and other characteristics, the whole as the corporation may determine, and sell such debentures or other securities or dispose thereof at such prices, at par, at a premium or discount, and on such conditions as the corporation shall decide;

(*f*) notwithstanding the provisions of the Civil Code, mortgage, hypothecate or pledge the moveable or immoveable property, present or future, including the revenues of the corporation, to secure the payment of such debentures or other securities,

or give a part only of such guarantees for the same purposes; and constitute the mortgage, hypothecation or pledge above mentioned by trust deed, in accordance with sections 23 and 24 of the *Special Corporate Powers Act* (chapter 280), or in any other way;

(*g*) hypothecate or pledge the immoveables, or pledge or otherwise encumber in any manner the moveable property of the corporation, or give such various kinds of guarantees, to ensure the payment of borrowings made otherwise than by the issue of debentures, as well as the payment or performance of the other debts, contracts and liabilities of the corporation;

(*h*) give receipts for any money payable to the corporation and for any claim of the same;

(*i*) draw, make, accept, endorse, discount, subscribe and issue bills of exchange, bills of lading and other negotiable instruments;

(*j*) delegate to one or more of its members or to one of the members jointly with one or more other persons, the authority to sign, for and on behalf of the corporation, bills of exchange, receipts, discharges, endorsements, cheques, bonds, title-deeds, contracts and all other documents;

(*k*) generally, do all acts and things necessary or useful for the exercise of its powers and the attainment of its objects.

15. The plans and specifications of the said bridge and its approaches must be submitted for approval to the municipal corporations where shall be situated the bridge and its approaches.

16. The corporation may acquire, by agreement or by expropriation, all immoveables and real or other rights of which it anticipates to be in need for the construction and operation of the said bridge and its approaches.

The proceedings in expropriation shall be those enacted in articles 1066a and following of the Code of Civil Procedure and the carrying out of the right of expropriation must be submitted for previous approval to the Lieutenant-Governor in Council.

17. Subject to the approval of the Provincial Transportation Board, the corporation may establish, revise, impose and collect tolls, charges and rents and also enter into contracts for the use of the bridge and of its services and facilities, so that the operating revenues may always be sufficient to cover the maintenance and operation costs, including depreciation, of the bridge and its approaches, and also to provide for the reimbursement of the capital, the premium if any, and the interest on the securities issued by the corporation as well as on other loans, and to create reserves for such purposes.

18. The municipal and school corporations within which territory are situated the property of the corporation are authorized to grant by mere resolution with respect to such property an exemption or commutation of municipal and school taxes for a period of ten years taking effect from the day when the property shall be assessed and taxed.

19. The corporation must submit annually a complete and detailed financial statement of its operations to the Provincial Transportation Board.

20. The corporation shall acquire from the corporation of the city of Trois-Rivières, which shall sell, provided it be authorized for such purposes by the electors who are property owners of Trois-Rivières according to law, all the moveables and immoveables of the ferry service between the city of Trois-Rivières and the south shore of the St. Lawrence river, including, but not restrictively, the ferry-boats, the rights of the wharfs and lands, the buildings, and generally everything used in the operating and maintaining of the said ferry; the price to be paid to the corporation of the city of Trois-Rivières, if the parties fail to agree, shall be determined by the Public Service Board of the Province of Quebec; the cost of such purchase shall be deemed as forming part of the cost of the bridge.

21. All powers granted by sections 13, 15, 16, 17, 18 and 22 of this act shall be subject to the acquisition by the corporation and according to law of the said ferry-service between the city of Trois-Rivières and south shore.

22. During a period of eight years as from the sanction of this act and afterwards during the whole period of the utilization of the proposed bridge, no other person shall construct or operate a bridge, tunnel or ferry service over or under the St. Lawrence river between the north shore and the south shore and this, within a radius of twenty-five miles above and twenty-five miles below the site of the said bridge, subject however, to the rights of the corporation of the city of Trois-Rivières in the ferry service operated by it.

23. This act shall come into force on the day of its sanction.

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-16.

An Act to incorporate National Mortgage Corporation of Canada.

Read a first time, Tuesday, 25th April, 1961.

Honourable Senator BRUNT.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24917–7

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-16.

An Act to incorporate National Mortgage Corporation of Canada.

Preamble.

WHEREAS the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Incorporation.

1. Charles Patrick McTague, one of Her Majesty's Counsel, of the city of Toronto, John Leo Whitney, one of Her Majesty's Counsel, of the city of Waterloo, William Charles McTague, barrister-at-law, of the city of Toronto, Clifford Joseph Whitney, barrister-at-law, of the city of Waterloo, and Harold Francis Cumming, chartered accountant, of the city of Kitchener, all in the province of Ontario, together with such persons as become shareholders in the company, are incorporated under the name of National Mortgage Corporation of Canada, hereinafter called "the Corporation".

Corporate name.

Provisional directors.

2. The persons named in section 1 shall be the provisional directors of the Corporation.

Proportion of directors to be Canadian citizens.

3. Not less than seventy-five per cent of the directors of the Corporation shall at all times be Canadian citizens ordinarily resident in Canada.

Capital stock.

4. (1) The capital stock of the Corporation shall be ten million dollars, which may be increased to fifteen million dollars, and shall be divided into shares of ten dollars each.

(2) At least sixty per cent of any offering of stock shall be reserved, for a period of fifteen days from the time of such offering, for purchase by corporate or natural persons ordinarily resident in Canada.

Amount to be subscribed before general meeting.

5. The amount to be subscribed before the provisional directors may call a general meeting of the shareholders shall be two hundred thousand dollars.

Amount to be subscribed and paid before commencement of business.

6. The Corporation shall not commence business until at least five hundred thousand dollars of its capital stock has been bona fide subscribed and at least two hundred thousand dollars paid thereon.

Head office.

7. The head office of the Corporation shall be in the city of Toronto, in the province of Ontario.

Power to issue Series A Mortgage Bonds.

8. (1) The directors of the Corporation may, from time to time, issue Series A Mortgage Bonds in such manner and on such terms and bearing such rate of interest as the directors may by resolution determine.

Separate account.

(2) All moneys received from the sale of Series A Mortgage Bonds shall be kept and invested and accounted for on separate account and in a separate fund, hereinafter referred to as "Mortgage Fund A", and shall be invested in mortgages or hypothecs guaranteed or insured under the *National Housing Act, 1938*, the *National Housing Act*, or the *National Housing Act, 1954*, as the case may be.

1938, c. 49; R.S., c. 188; 1954, c. 23.

Purpose of Mortgage Fund A.

(3) Mortgage Fund A shall be available only for the protection of the holders of Series A Mortgage Bonds and shall not be liable for the payment of claims of general creditors of the Corporation.

Deficiency in Fund.

(4) If, at any time, the book value of the assets of Mortgage Fund A falls below the principal amount of Series A Mortgage Bonds outstanding, there shall be transferred from the general funds of the Corporation in the form of cash or investments such amount or amounts as may be necessary to remove the deficiency.

Application of Fund.

(5) The directors may withdraw from Mortgage Fund A such amounts as may be required from time to time to redeem Series A Mortgage Bonds, to pay interest and other expenses relating to such bonds, to pay investment expenses arising from the investment of assets of the Fund, to pay an equitable share, as determined by the directors, of the general expenses of the Corporation and to repay transfers that may have been made from the general funds of the Corporation pursuant to subsection (4).

Reserve.

(6) The directors may, from time to time, set aside within Mortgage Fund A such portion of the earnings of the Fund as they may deem necessary or advisable as a reserve for the protection of the Fund against losses or other contingencies.

Transfer of profit to general funds.

(7) The profits arising from the operation of Mortgage Fund A, after provision for reserves, may, once in each year,

to such an extent and in such manner as the directors may determine, be transferred and credited to the general funds of the Corporation.

Power to issue Series B Mortgage Bonds.

9. (1) The directors of the Corporation may, from time to time, issue Series B Mortgage Bonds in such manner and on such terms and bearing such rate of interest as the directors may by resolution determine.

Separate account.

(2) All moneys received from the sale of Series B Mortgage Bonds shall be kept and invested and accounted for on separate account and in a separate fund, hereinafter referred to as "Mortgage Fund B", and shall be invested in mortgages or hypothecs other than mortgages or hypothecs of the kind described in subsection (2) of section 8, or in real estate for the production of income.

Limitation. R.S., c. 170; 1952-53, c. 5; 1958, c. 35.

(3) The percentage limits specified in the *Loan Companies Act* in respect of investments in real estate for the production of income apply to the investments of Mortgage Fund B as if that Fund were the total funds of the Corporation.

Purpose of Mortgage Fund B.

(4) Mortgage Fund B shall be available only for the protection of the holders of Series B Mortgage Bonds and shall not be liable for the payment of claims of general creditors of the Corporation.

Deficiency in Fund.

(5) If, at any time, the book value of the assets of Mortgage Fund B falls below the principal amount of Series B Mortgage Bonds outstanding, there shall be transferred from the general funds of the Corporation in the form of cash or investments such amount or amounts as may be necessary to remove the deficiency.

Application of Fund.

(6) The directors may withdraw from Mortgage Fund B such amounts as may be required from time to time to redeem Series B Mortgage Bonds, to pay interest and other expenses relating to such bonds, to pay investment expenses arising from the investment of assets of the Fund, to pay an equitable share, as determined by the directors, of the general expenses of the Corporation and to repay transfers that may have been made from the general funds of the Corporation pursuant to subsection (5).

Reserve.

(7) The directors may, from time to time, set aside within Mortgage Fund B such portion of the earnings of the Fund as they may deem necessary or advisable as a reserve for the protection of the Fund against losses or other contingencies.

Transfer of profit to general funds.

(8) The profits arising from the operation of Mortgage Fund B, after provision for reserves, may, once in each year, to such an extent and in such manner as the directors may determine, be transferred and credited to the general funds of the Corporation.

General funds reserve.

10. The directors may, from time to time, set aside such portion of the earnings of the general funds of the Corporation as they may deem necessary or advisable as a reserve for the protection of the general funds against losses or other contingencies.

Cannot accept money on deposit.

11. The Corporation shall not accept money on deposit.

Commission on subscription.

12. The Corporation may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares of the Corporation: Provided, however, that such commission shall not exceed seven and one half per cent of the amount realized therefrom.

Proviso.

Loan Companies Act to apply except where herein provided.

13. (1) Except as in this Act specifically provided, the Corporation has all the powers, privileges and immunities conferred by, and is subject to all the limitations, liabilities and provisions of, the *Loan Companies Act*.

Investment powers in *Loan Companies Act* to apply. R.S., c. 170; 1952–53, c. 5; 1958, c. 35.

(2) Nothing in this Act shall be deemed to extend the investment powers of the Corporation, whether relating to Mortgage Fund A, Mortgage Fund B or the general funds of the Corporation, beyond those described in the *Loan Companies Act*.

"General funds" defined.

(3) In this Act "the general funds of the Corporation" means all of the funds of the Corporation other than Mortgage Fund A, Mortgage Fund B or funds held by the Corporation in its capacity as agent.

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-17.

An Act respecting Canadian Pacific Railway Company.

Read a first time, Tuesday, 25th April, 1961.

Honourable Senator GERSHAW.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24983-9

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-17.

An Act respecting Canadian Pacific Railway Company.

Preamble.

WHEREAS Canadian Pacific Railway Company has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Line of railway authorized.

1. Canadian Pacific Railway Company, hereinafter called "the Company", may construct a line of railway commencing from a point in the northwest $\frac{1}{4}$ of section 25, township 4, range 29, west of the fourth meridian at or in the vicinity of mile 19.8 of its Brocket Southerly Branch in the province of Alberta, thence in a generally westerly direction for a distance of approximately 11 miles to a point in the north $\frac{1}{2}$ of section 17, township 4, range 30, west of the fourth meridian, in the said province.

Time for completion.

2. If the construction of the said line of railway is not commenced within a period of two years or is not completed and put in operation within a period of five years after the passing of this Act, the powers of construction hereby conferred upon the Company shall cease and be null and void as regards so much of the said line of railway as shall then remain uncompleted.

Explanatory Note.

The purpose of this Bill is to authorize Canadian Pacific Railway Company to construct a branch line of railway off its Brocket Southerly Branch in the province of Alberta to a gas-processing plant being constructed by Shell Oil Company of Canada Limited.

Parliamentary authority is necessary because the powers of the Board of Transport Commissioners for Canada to authorize construction of branch lines under the *Railway Act* are limited to those not exceeding six miles in length.

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-18.

An Act to incorporate Ukrainian Evangelical Baptist Convention of Canada.

Read a first time, Tuesday, 2nd May, 1961.

Honourable Senator HNATYSHYN.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24913–6

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-18.

An Act to incorporate Ukrainian Evangelical Baptist Convention of Canada.

Preamble.

WHEREAS the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Incorporation.

1. Zachar Rechun-Panko, clergyman, of the city of Toronto, in the province of Ontario, Michael Podworniak, linotype operator, Peter Kindrat, clergyman, and Dmytro Marychuk, clergyman, all of the city of Winnipeg, in the province of Manitoba, Luke Pidhorecky, butcher, of the city of Windsor, in the province of Ontario, Alexander Piatocha, clergyman, of the city of Edmonton, in the province of Alberta, Jacob Krestinski, clergyman, of the city of Vernon, in the province of British Columbia, John Tkachuk, clergyman, of the city of Saskatoon, in the province of Saskatchewan, and Stephen Skoworodko, clergyman, of the village of Hyas, in the province of Saskatchewan, being members of an unincorporated association known as Ukrainian Baptist Convention of Canada, hereinafter called "the Association", together with such other persons as may become members of the corporation, are hereby incorporated under the name of Ukrainian Evangelical Baptist Convention of Canada, hereinafter called "the Corporation".

Corporate name.

Directors.

2. The persons named in section 1 shall be the first directors of the Corporation.

Head office.

3. The head office of the Corporation shall be in the city of Winnipeg, in the province of Manitoba, or at such other place within Canada as the Corporation may determine by by-law from time to time.

Objects.

4. The objects of the Corporation shall be

(*a*) to organize, establish, maintain and carry on churches, congregations, missions, places of worship, residences, parsonages, retreat houses and institutions, orphanages, houses of refuge for the aged, rest houses and institutions and agencies for promoting, teaching, propagating and disseminating the Ukrainian Evangelical Baptist faith and doctrine and for training persons for the said purposes;

(*b*) to promote, organize, establish, maintain and carry on social service, welfare and guidance institutions and agencies;

(*c*) to promote education, instruction and culture and to organize, establish, maintain and carry on schools, colleges, academies, seminaries, institutions of learning, recreational halls, centres and agencies, and industrial, technical and agricultural institutes and farms;

(*d*) to care for the poor and to organize, establish, maintain and carry on charitable institutions, hospitals, clinics, dispensaries and cemeteries;

(*e*) to organize, establish, maintain and carry on libraries and houses and agencies for printing, publishing and disseminating literature, newspapers, periodicals and works of education, religion, art and science; and

(*f*) to promote generally the spiritual welfare of all the congregations and mission fields of the Corporation.

Power to make by-laws.

5. The Corporation may from time to time make by-laws, not contrary to law, for

(*a*) the administration, management and control of the property, business and other temporal affairs of the Corporation;

(*b*) the appointment, functions, duties and remuneration of all officers, agents and servants of the Corporation;

(*c*) the appointment of an executive committee or any special committees or boards from time to time created for the purposes of the Corporation, defining the powers of such committees and boards, the qualifications for membership therein and the terms upon which the members thereof shall hold office or may be removed from office;

(*d*) the calling of regular or special meetings of the Corporation or of the executive and other committees or boards;

(*e*) fixing the necessary quorum and the procedure to be followed at all meetings referred to in the preceding paragraph;

(*f*) determining the qualifications of members of the Corporation;
(*g*) defining and applying the principles, doctrines and religious standards of the Corporation; and
(*h*) generally carrying out the objects and purposes of the Corporation.

Executive committee.

6. Subject to and in accordance with the by-laws enacted by the Corporation under section 5, an executive committee consisting of such persons as the Corporation may from time to time elect or appoint thereto shall manage all the temporal affairs of the Corporation.

Officers and committees of Association continue to hold their offices.

7. The present officers of the Association, the members of its executive committee and of the other committees and boards appointed or elected under the constitution and by-laws of the Association prior to the enactment of this Act shall continue to hold office as if they had been appointed or elected pursuant to this Act until their successors in office have been so appointed or elected.

Constitution, by-laws, etc., of Association continue until amended or repealed.

8. The existing constitution, by-laws and rules of the Association, insofar as they are not contrary to law or to the provisions of this Act, shall be the constitution, by-laws and rules of the Corporation until amended or repealed at a general meeting of the Corporation.

First general meeting.

9. The first general meeting of the Corporation shall be held within one year from the time this Act comes into force, at such time and place as the present executive committee of the Association may determine.

Corporation vested with rights and assumes obligations.

10. The Corporation created by this Act is vested with all the rights and assumes all the obligations of the Association.

Incidental powers.

11. The Corporation may do all such lawful acts and things as are incidental or may be conducive to the attainment of its objects.

Committees.

12. The Corporation may exercise all its powers by and through the executive committee or through such boards or committees as may be elected or appointed from time to time by the Corporation for the management of its affairs.

Power to acquire and hold property.

13. (1) The Corporation may purchase, take, have, hold, receive, possess, retain and enjoy property, real and personal, corporeal and incorporeal, and any or every estate or interest whatsoever, given, granted, devised or

bequeathed to it, or appropriated, purchased or acquired by it in any manner or way whatsoever, to, for or in favour of the uses and purposes of the Corporation, or to, for or in favour of any religious, educational, eleemosynary or other institution established or intended to be established by, under the management of, or in connection with the uses or purposes of the Corporation.

(2) The Corporation may also hold such real property or estate therein as is bona fide mortgaged to it by way of security, or conveyed to it in satisfaction of debts or judgments recovered.

Investment in and disposal of property.

14. Subject always to the terms of any trust relating thereto, the Corporation may also sell, convey, exchange, alienate, mortgage, lease or demise any real property held by the Corporation, whether by way of investment for the uses and purposes of the Corporation or not; and may also, from time to time, invest all or any of its funds and moneys, and all or any funds or moneys vested in or acquired by it for the uses and purposes aforesaid, in and upon any security by way of mortgage, hypothec or charge upon real property; and for the purpose of such investment may take, receive and accept mortgages or assignments thereof, whether made and executed directly to the Corporation or to any corporation, body, company or person in trust for it; and may sell, grant, assign and transfer such mortgages or assignments either wholly or in part.

Application of mortmain laws.

15. In regard to any real property which, by reason of its situation or otherwise, is subject to the legislative authority of the Parliament of Canada, a licence in mortmain shall not be necessary for the exercise of the powers granted by this Act; but otherwise the exercise of the said powers shall in any province of Canada be subject to the laws of such province as to the acquisition and holding of lands by religious corporations, insofar as such laws apply to the Corporation.

Transfer of property held in trust.

16. Insofar as authorization by the Parliament of Canada is necessary, any person or corporation, in whose name any property, real or personal, is held, in trust or otherwise, for the uses and purposes of the Corporation, or any such person or corporation to whom any such property devolves, may, subject always to the terms and conditions of any trust relating to such property, transfer such property or any part thereof to the Corporation.

Execution of documents.

17. Any deed or other instrument relating to real estate vested in the Corporation or any interest in such real estate shall, if executed within the jurisdiction of the Parliament of Canada, be deemed to be duly executed

if there is affixed thereto the seal of the Corporation and there is thereon the signature of any officer of the Corporation duly authorized for such purpose.

Disposition of property by gift or loan.

18. The Corporation may make a gift of or lend any of its property, real or personal, for or to assist in the erection or maintenance of any building or buildings deemed necessary for any church, parsonage, seminary, college, school or hospital or any other religious, charitable, educational, congregational or social purpose upon such terms and conditions as it may deem expedient.

Borrowing powers.

19. (1) The Corporation may, from time to time, for the purposes of the Corporation

(*a*) borrow money upon the credit of the Corporation;

(*b*) limit or increase the amount to be borrowed;

(*c*) make, draw, accept, endorse or become party to promissory notes and bills of exchange, and every such note or bill made, drawn, accepted or endorsed by the party thereto, authorized by the by-laws of the Corporation, and countersigned by the proper party thereto, authorized by the by-laws of the Corporation, shall be binding upon the Corporation and shall be presumed to have been made, drawn, accepted or endorsed with proper authority until the contrary is shown; and it shall not be necessary in any case to have the seal of the Corporation affixed to any such note or bill;

(*d*) mortgage, hypothecate or pledge any property of the Corporation, real or personal, to secure the repayment of any money borrowed for the purposes of the Corporation;

(*e*) issue bonds, debentures or other securities of the Corporation; and

(*f*) pledge or sell such bonds, debentures or other securities for such sums and at such prices as may be deemed expedient.

Limitation.

(2) Nothing in the preceding subsection shall be construed to authorize the Corporation to issue any note or bill payable to the bearer thereof, or any promissory note intended to be circulated as money or as the note or bill of a bank, or to engage in the business of banking or insurance.

Investment of funds.

20. The Corporation may invest its funds, or any portion thereof, either directly in the name of the Corporation or indirectly in the name of trustees, in the purchase of such securities as it may deem advisable, and may lend its funds or any portion thereof on any such securities.

Jurisdiction.

21. The Corporation may exercise its functions throughout Canada.

Fourth Session, Twenty-Fourth Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-19.

An Act respecting The Cumberland Railway and Coal Company and the Sydney and Louisburg Railway Company.

Read a first time, Thursday, 4th May, 1961.

Honourable Senator MACDONALD
(*Cape Breton*).

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

25043-1

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-19.

An Act respecting The Cumberland Railway and Coal Company and the Sydney and Louisburg Railway Company.

Preamble. 1883, c. 77; 1884, c. 77; 1908, c. 100; 1928, c. 57.

WHEREAS The Cumberland Railway and Coal Company, a company incorporated by chapter 77 of the statutes of 1883, as amended by chapter 77 of the statutes of 1884, chapter 100 of the statutes of 1908 and chapter 57 of the statutes of 1928, and the Sydney and Louisburg Railway Company, a company incorporated by chapter 171 of the statutes of Nova Scotia, 1910, as amended by chapter 155 of the statutes of Nova Scotia, 1911, have presented a joint petition praying that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Change of name.

Existing rights saved.

1. The name of The Cumberland Railway and Coal Company is hereby changed to The Cumberland Railway Company, hereinafter called "the Company", but such change in name shall not in any way impair, alter or affect the rights or liabilities of the Company, nor in any way affect any suit or proceeding now pending, or judgment existing, either by or in favour of or against the Company, which, notwithstanding such change in the name of the Company, may be prosecuted, continued, completed and enforced as if this Act had not been passed, and any suit or legal proceeding that might have been commenced or continued by or against the Company by its former name may be commenced or continued by or against it by its new name.

Explanatory Notes.

Although the Board of Transport Commissioners has exercised jurisdiction over the Sydney and Louisburg Railway Company for many years, its right to do so is arguable and will be more so when The Cumberland Railway and Coal Company abandons its operations at Springhill pursuant to an Order of the Board dated February 10th, 1961.

The purposes of this Bill are:—

(a) to broaden the powers of The Cumberland Railway and Coal Company so that eventually the two companies can be merged into one which would make the Board's jurisdiction over the entire railway operations certain and would ensure the continuance of these operations under the Board's regulatory powers and with the benefits of the Maritime Freight Rates Act, as has been the factual situation in both respects for many years. The merger would also provide The Cumberland Railway and Coal Company with a source of revenue to enable it to continue its past practice of paying pensions to its retired employees; and

(b) pending the merger of these two railway companies as aforesaid, to make sure that, during the period between the abandonment of the Springhill operations and the merger of the two railroads, the Board continues to have jurisdiction over the Sydney and Louisburg Railway Company by declaring the said railway to be for the general advantage of Canada.

2. Section 4 of chapter 77 of the statutes of 1883 is repealed and the following substituted therefor:

"**4.** The Company is hereby empowered and authorized:

(*a*) to acquire, build, own, lease, equip, maintain and operate railways and their branch lines in the county of Cumberland and in the Island of Cape Breton, in the province of Nova Scotia, with the wharves, piers, rolling stock, machine shops, and other undertakings connected therewith;

(*b*) to acquire, build, own, lease, maintain and operate telegraph and telephone lines in connection with the said railways and undertakings;

R.S., c. 234; 1955, cc. 41, 55, s. 2; 1958, c. 40; 1960, c. 35.

(*c*) subject to the provisions of section 153 of the *Railway Act*, to lease, sub-lease, purchase or otherwise acquire or operate the real and personal property, good will, lands, privileges, contracts, rights and other assets or liabilities of any company or person, whether within the legislative authority of the Parliament of Canada or not, authorized to carry on a business within the objects or powers of the Company, or to amalgamate with any such company or person; and

(*d*) subject to the provisions of section 153 of the *Railway Act*, to lease, mortgage, pledge, assign, sell, convey or otherwise dispose of the whole or any branch or part of the business or property of the Company to any company or person, whether within the legislative authority of the Parliament of Canada or not, authorized to carry on a business within the objects or powers of the Company, or to any government."

Works for general advantage of Canada.

3. The railways, works and undertakings of the Sydney and Louisburg Railway Company are declared to be works for the general advantage of Canada.

R.S., c. 234; 1955, cc. 41, 55, s. 2; 1958, c. 40; 1960, c. 35.

4. Subject to the provisions of section 153 of the *Railway Act*, the Company and any corporate successor thereof may at any time lease, sub-lease, purchase or otherwise acquire or operate the whole or any part of the real and personal property, good will, lands, privileges, contracts, rights and other assets or liabilities of the Sydney and Louisburg Railway Company and any corporate successor thereof, and the Sydney and Louisburg Railway Company and any corporate successor thereof may at any time lease, sub-lease, sell, convey or otherwise dispose of the whole or any part of its real and personal property, good will, lands, privileges, contracts, rights, and other assets or liabilities to the Company and any corporate successor thereof.

Application of provincial statutes.

5. Nothing in this Act shall be construed so as to affect or render inoperative any of the provisions of the Acts of the Legislature of the province of Nova Scotia referred to in the preamble, and the Sydney and Louisburg Railway Company shall have and continue to have, exercise and enjoy all the rights, powers and privileges conferred, subject to all the limitations and restrictions imposed upon it, by the said Acts and by any other Acts of the said Legislature, heretofore and hereinafter enacted; and the Company shall have, exercise and enjoy such rights, powers and privileges, subject to such limitations and restrictions, with respect to any of the real and personal property, good will, lands, privileges, contracts, rights, and other assets or liabilities of the Sydney and Louisburg Railway Company leased, sub-leased, purchased or otherwise acquired or operated by it.

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-20.

An Act respecting The Canadian Council of The Girl Guides Association.

Read a first time, Thursday, 4th May, 1961.

Honourable Senator QUART.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

25047-2

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-20.

An Act respecting The Canadian Council of The Girl Guides Association.

Preamble. 1917, c. 77; 1947, c. 89.

WHEREAS The Canadian Council of The Girl Guides Association has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Change of name.

Existing rights saved.

1. The name of The Canadian Council of The Girl Guides Association, hereinafter called "the Corporation", is hereby changed to Girl Guides of Canada, and in French, Guides du Canada. The Corporation may use either the English or French version of its name or both as and when it so elects. Such change in name shall not in any way impair, alter or affect the rights or liabilities of the Corporation, nor in any way affect any suit or proceeding now pending, or judgment existing, either by, or in favour of, or against the Corporation, which, notwithstanding such change in the name of the Corporation, may be prosecuted, continued, completed and enforced as if this Act had not been passed, and any suit or legal proceeding that might have been commenced or continued by or against the Corporation by its former name may be commenced or continued by or against the Corporation by its new name.

2. Section 8 of chapter 77 of the statutes of 1917, as amended by section 1 of chapter 89 of the statutes of 1947, is repealed and the following substituted therefor:

"**8.** The Corporation may receive, acquire, accept, and hold real or immovable property, by grant, gift, purchase, devise, legacy, lease or otherwise, for the purposes of the Corporation; and may sell, lease, dispose of, mortgage, invest, or otherwise deal therewith in such manner as it may from time to time deem advisable for such purposes."

Explanatory Notes.

The present name, The Canadian Council of The Girl Guides Association, was established when this Association was, in effect, a branch of The Girl Guides Association with headquarters in London, England. Since that time the Canadian Association has become independent of the parent body and a member in its own right of The World Association of Girl Guides and Girl Scouts, and it is therefore appropriate that the name should be changed to avoid complications encountered by the suggestion that the Canadian Association continues to be part of the British Association.

The name proposed, Girl Guides of Canada, is short and descriptive, and is in keeping with the name adopted by many other National Girl Guides Associations: for instance, Girl Scouts of the United States of America; Girl Scouts of Japan Incorporated; Girl Guides de Belgique; Girl Scouts of the Philippines; etc.

The proposed change of name is in harmony with the recent change in the name of The Canadian General Council of The Boy Scouts Association to Boy Scouts of Canada.

At present section 8 of chapter 77 of the statutes of 1917, as amended by section 1 of chapter 89 of the statutes of 1947, provides that the value of the real estate held shall not exceed $250,000.00. The total value of the real estate held by the Corporation will exceed $250,000.00 after the erection in the near future of a Girl Guides National Headquarters building on land recently acquired in the city of Toronto, and it is therefore desirable that the limitation on the value of real estate be deleted.

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-21.

An Act respecting The Royal Assent.

Read a first time, Tuesday, 9th May, 1961.

The Honourable Senator POULIOT.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

25133–0

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-21.

An Act respecting The Royal Assent.

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

1. The date for the Royal Assent to any bill shall not be set before the third reading of any such bill is passed by both Houses of Parliament.

Explanatory Note.

This bill is a step for the reform of Parliament.

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-22.

An Act to incorporate The Acadia Life Insurance Company.

Read a first time, Wednesday, 10th May, 1961.

Honourable Senator MACDONALD
(*Cape Breton*)

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

25025–8

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-22.

An Act to incorporate The Acadia Life Insurance Company.

Preamble.

WHEREAS the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Incorporation.

1. Ralph Mackern Sketch, company director, Gordon Foxbar Perry, company director, Stewart Gordon Bennett, company director, all of the city of Toronto, in the province of Ontario, Robert Patterson Jellett, company director, of the city of Montreal, in the province of Quebec, Frank Manning Covert, one of Her Majesty's counsel, and Harold Palmatary Connor, company director, both of the city of Halifax, in the province of Nova Scotia, together with such other persons as may become shareholders of the company, are hereby incorporated under the name of

Corporate name.

The Acadia Life Insurance Company, hereinafter called "the Company".

Provisional directors.

2. The persons named in section 1 shall be the provisional directors of the Company.

Capital stock.

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

Subscription and payment of capital before commencing business.

4. The Company shall not commence any business of insurance until at least five hundred thousand dollars of its capital stock has been bona fide subscribed and at least that amount paid thereon, together with a contribution to surplus of five hundred thousand dollars.

Head office.

5. The head office of the Company shall be in the city of Toronto, in the province of Ontario.

Powers.

6. The Company may undertake, transact and make contracts of insurance in any one or more of the following classes of insurance:

(*a*) life insurance;

(*b*) personal accident insurance;

(*c*) sickness insurance.

R.S., c. 31; 1956, c. 28; 1957-58, c. 11; 1960-61, c. 13.

7. The *Canadian and British Insurance Companies Act* shall apply to the Company.

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-23.

An Act respecting The Canadian Legion.

Read a first time, Tuesday, 16th May, 1961.

Honourable Senator MACDONALD, P. C.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

24961–5

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-23.

An Act respecting The Canadian Legion.

Preamble. 1948, c. 84; 1951 (1st Sess.), c. 86; 1959, c. 72.

WHEREAS The Canadian Legion has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Change of name.

Existing rights saved.

1. The name of The Canadian Legion, hereinafter called "the Legion", is changed to The Royal Canadian Legion, but such change in name shall not in any way impair, alter or affect the rights or liabilities of the Legion, nor in any way affect any suit or proceeding now pending, or judgment existing, either by, or in favour of, or against the Legion which, notwithstanding such change in the name of the Legion, may be prosecuted, continued, completed and enforced as if this Act had not been passed, and any suit or legal proceeding that might have been commenced or continued by or against the Legion by its former name may be commenced or continued by or against it by its new name.

2. Paragraph (*r*) of section 4 of chapter 84 of the statutes of 1948, as amended by chapter 72 of the statutes of 1959, is repealed and the following substituted therefor:

"(*r*) to establish, organize and regulate provincial, district and local bodies of women for the purpose of assisting the Legion in seeing to the maintenance and comfort of disabled, sick, aged and needy ex-service men and women and their dependents, and to co-operate with the Legion in the promotion and carrying out of all aims and objects of the Legion, such a group to be known as a ladies' auxiliary of The Royal Canadian Legion;"

Explanatory Note.

The purpose of this Bill is to change the name of The Canadian Legion.

Fourth Session, Twenty-Fourth Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-24.

An Act to amend the Government Property Traffic Act.

First reading, Tuesday, 16th May, 1961.

Honourable Senator ASELTINE.

ROGER DUHAMEL ,F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

25159-5

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-24.

An Act to amend the Government Property Traffic Act.

R.S., c. 324.

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

1. Subsection (1) of section 2 of the *Government Property Traffic Act* is amended by striking out the word "and" after paragraph (*f*) thereof and by repealing paragraph (*g*) thereof and substituting therefor the following paragraphs:

"(*g*) prescribing a fine not exceeding five hundred dollars or a term of imprisonment not exceeding six months, or both such fine and term of imprisonment, to be imposed upon summary conviction as a penalty for the violation of any regulation, except that for the violation of any regulation governing the parking of vehicles the penalty prescribed shall be a fine not exceeding fifty dollars; and

(*h*) providing for the voluntary payment of fines and for prohibiting persons who have violated any regulation from driving a vehicle on such lands for any period not exceeding one year."

Explanatory Note.

The present provision authorizes the Governor in Council to make regulations

> "(g) prescribing a fine not exceeding *fifty dollars* or a term of imprisonment not exceeding *two months*, or both fine and a term of imprisonment to be imposed upon summary conviction as a penalty for violation of any regulation."

The principal purpose of the proposed amendment is to increase the penalty to the standard penalty for summary conviction offences so that in the more serious cases penalties may be imposed comparable to penalties under provincial laws for similar offences, including the suspension of driving rights.

The proposed amendment would also make provision for the voluntary payment of fines for breach of any of the regulations.

Fourth Session, Twenty-Fourth Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-25.

An Act respecting The Canada Permanent Trust Company.

Read a first time, Tuesday, 16th May, 1961.

Honourable Senator BRUNT.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

25151-2

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-25.

An Act respecting The Canada Permanent Trust Company.

Preamble. 1913, c. 87; 1947, c. 87.

WHEREAS The Canada Permanent Trust Company, hereinafter called "the Company", has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Amalgamation.

1. The Company may as hereinafter provided merge and amalgamate with The Toronto General Trusts Corporation, a body corporate incorporated under the laws of the province of Ontario, for the purpose of enabling them to continue thereafter as one corporate entity under the name of Canada Permanent Toronto General Trust Company, and in French, Compagnie de Fiducie Canada Permanent Toronto General, hereinafter called "the Amalgamated Company".

Agreement.

2. The directors of the Company may under the seal of the Company enter provisionally into an agreement, hereinafter called "the Agreement", setting out

(*a*) the terms and conditions of the amalgamation;

(*b*) the number of directors of the Amalgamated Company, which number may be equal to but shall not exceed the aggregate number of the directors of the amalgamating companies immediately prior to the amalgamation, provided that as vacancies occur between annual meetings of the Amalgamated Company by reason of disqualification, resignation or death, no such vacancy shall be filled and the maximum number of directors shall be reduced accordingly until the number remaining in office is no greater than the number permitted by the *Trust Companies Act;*

R.S., c. 272; 1952-53, c. 10; 1958, c. 42.

Explanatory Notes.

The purpose of this bill is to authorize The Canada Permanent Trust Company to merge and amalgamate with The Toronto General Trusts Corporation, and to authorize Canada Permanent Mortgage Corporation, which holds all of the shares of The Canada Permanent Trust Company except directors' qualifying shares, to invest in the whole or any portion of the shares of the Amalgamated Company and to exchange shares of The Canada Permanent Trust Company for shares of the Amalgamated Company.

General legislation enabling such an amalgamation to take place is provided for in *The Loan and Trust Corporations Act*, chapter 222 of the Revised Statutes of Ontario, 1960, but no corresponding general legislation has as yet been enacted by Parliament. The enactment of the present bill is therefore necessary before the proposed amalgamation may be effected.

(*c*) the names, callings and places of residence of the first directors and officers of the Amalgamated Company who shall hold office until the first annual meeting thereof;

(*d*) that the capital stock of the Amalgamated Company shall be ten million dollars divided into five hundred thousand shares of twenty dollars each;

(*e*) the manner and terms of issuing shares of the Amalgamated Company to the shareholders of the amalgamating companies;

(*f*) that the head office of the Amalgamated Company shall be in the city of Toronto, in the province of Ontario; and

(*g*) such other matters as the parties to the Agreement deem necessary to perfect the amalgamation and to provide for the subsequent management and working of the Amalgamated Company.

Submission of Agreement to shareholders.

3. (1) The Agreement shall be submitted to the shareholders of the Company at a meeting thereof duly called for the purpose.

Notice of meeting.

(2) Notice of the time and place of the meeting shall be sent by registered mail to every shareholder addressed to his last known address as recorded in the books of the Company, together with a copy of the Agreement, at least six weeks before the date of such meeting, and notice of such meeting shall be given once a week for six successive weeks prior to the date of the meeting, in a newspaper published in the city of Toronto, in the province of Ontario.

Notice to Superintendent of Insurance.

(3) A like notice, together with two copies of the Agreement, shall be delivered to the Superintendent of Insurance at least six weeks before the date of the meeting.

Approval of Agreement by shareholders.

(4) If at a meeting of the shareholders at which the Agreement is submitted in accordance with this section, the Agreement is approved by resolution passed by the affirmative vote of at least three-fourths of such shares as are represented in person or by proxy and such affirmative vote represents at least fifty per cent of the issued capital stock of the Company, that fact shall be certified upon the Agreement by the secretary of the Company under the seal of the Company.

Copy to be filed with Superintendent of Insurance.

(5) If the Agreement is approved as aforesaid at the meeting, two copies thereof, certified by the secretary as aforesaid, shall be filed with the Superintendent of Insurance, and the Agreement may thereafter be submitted to the Governor in Council for approval.

Approval by Governor in Council.

4. (1) The Agreement shall have no force or effect until it has been approved by the Governor in Council.

(2) The Governor in Council shall not approve the Agreement unless

(*a*) the Treasury Board on the report of the Superintendent of Insurance recommends that the Agreement be approved;

(*b*) he is satisfied that the shareholders of the Company have approved the Agreement in accordance with section 3 hereof;

(*c*) the application for approval is made within six months from the date upon which the Agreement was approved by the shareholders of the Company;

(*d*) notice of the intention of the Company to apply to the Governor in Council for approval of the Agreement has been published at least once a week for a period of four consecutive weeks in the *Canada Gazette;* and

(*e*) he is satisfied

(i) that the requirements of *The Loan and Trust Corporations Act*, chapter 222 of the Revised Statutes of Ontario, 1960, precedent to the submission of the Agreement by the Registrar to the Lieutenant Governor in Council of the province of Ontario for his assent, have been complied with;

(ii) that the Agreement has been submitted by the Registrar to the Lieutenant Governor in Council of the province of Ontario as required by the said Act; and

(iii) that the Lieutenant Governor in Council of the province of Ontario is prepared to give his assent to the Agreement pursuant to the said Act.

Effect of Agreement.

5. Upon approval of the Agreement by the Governor in Council and the subsequent assent to the Agreement by the Lieutenant Governor in Council of the province of Ontario

(*a*) the Agreement shall have the force of law;

(*b*) the Amalgamated Company shall be vested with all the property, rights and interests, and shall be subject to all the duties, liabilities and obligations of the amalgamating companies, and all of the shareholders of the amalgamating companies immediately before the amalgamation shall be shareholders of the Amalgamated Company;

(*c*) the Company shall be merged and amalgamated with The Toronto General Trusts Corporation and they shall continue thereafter as one corporate entity; and

R.S., c. 272; 1952-53, c. 10; 1958, c. 42.

(*d*) the Amalgamated Company shall be deemed to be a trust company incorporated by special Act of the Parliament of Canada, and, subject to this Act and to the Agreement, shall have all the powers, privileges and immunities conferred by, and be subject to all the limitations, liabilities and provisions of, the *Trust Companies Act*.

Evidence of approval.

6. The approval of the Governor in Council of the Agreement shall be evidenced by an Order of the Governor in Council, and a copy of the Order purporting to have annexed thereto a true copy of the Agreement, certified by the Clerk or Assistant Clerk of the Privy Council for Canada, shall, in all courts and for all purposes, be *prima facie* evidence of the Agreement, of the due execution thereof, of its approval by the Governor in Council and of the regularity of all proceedings in connection therewith.

R.S., c. 170; 1952-53, c. 5; 1958, c. 35. 1899, c. 101; 1903, c. 94; 1913, c. 86.

7. Notwithstanding anything contained in the *Loan Companies Act*, Canada Permanent Mortgage Corporation may invest in the whole or any portion of the shares of the Amalgamated Company, and may exchange shares of the Company for shares of the Amalgamated Company.

Fourth Session, Twenty-Fourth Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-26.

An Act respecting the Congregation of the Sisters of the Holy Family of Bordeaux in Canada.

Read a first time, Tuesday, 30th May, 1961.

Honourable Senator METHOT.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

25231-2

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-26.

An Act respecting the Congregation of the Sisters of the Holy Family of Bordeaux in Canada.

Preamble. 1959, c. 65.

WHEREAS the Congregation of the Sisters of the Holy Family of Bordeaux in Canada, hereinafter called "the Corporation", has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Chapter 65 of the statutes of 1959 is amended by inserting immediately after section 5 the following as section 5A:

Establishment of boards and committees.

"**5A.** (1) The Corporation may, by resolution of the Board, establish boards, committees or other bodies of its members to hold, manage, deal with, dispose of or otherwise administer any of its property, funds, trusts, interests, institutions, houses, provinces or undertakings, and any religious or charitable projects, now or hereafter owned, founded or established by the Corporation, may define and prescribe the constitution, powers, duties, officers and quorum of any such board, committee or other body and may delegate to any of them such of its powers as it may deem expedient.

Incorporation of boards and committees.

(2) Whenever it is deemed expedient to establish as a body corporate any board, committee or other body for any of the purposes of the Corporation, the Corporation may so declare in the resolution of the Board establishing such board, committee or other body, in accordance with the by-laws, rules and regulations of the Corporation in that behalf. Upon the filing of any such resolution, as hereinafter prescribed, the same shall be and become a body corporate with such name, head office, seal, membership,

Explanatory Note.

The object of the present Bill is to amend the Act of incorporation of the Congregation of the Sisters of the Holy Family of Bordeaux in Canada, chapter 65 of the statutes of 1959, so as to enable the Corporation to establish boards, committees or other bodies as corporate entities, in the manner provided in the proposed new subsection (2) of section 5A, with power to manage the various undertakings of the Corporation. This amendment will enable the Corporation to segregate its various undertakings.

organization, powers, rights and duties, not contrary to law or inconsistent with this Act, as may be determined or defined from time to time by the Board, including the acquiring, holding, administering and disposing of all property, real or personal, which may be devised, bequeathed, granted or conveyed to any such board, committee or governing body for the purposes of the Corporation, and the borrowing of any money necessary in the opinion of such board, committee or body for the purposes thereof, and the mortgaging, hypothecating or pledging of so much of the real or personal property held by any such board, committee or body as may be necessary to secure any amount so borrowed. In each case, whenever any such board, committee or other body is to be established as a body corporate, or its name or head office is changed by resolution of the Board, the Board shall file a certified copy of such resolution, under the hand of the Provincial Mother and the Secretary, with the Secretary of State for Canada. A certificate under the official seal of the Corporation signed by its Secretary shall be sufficient evidence in all courts of the establishment as a body corporate of such board, committee or body, of any change in its name or head office, and of its constitution and powers.

Limitation.

(3) Nothing in this section shall authorize the establishment as a body corporate of any board, committee or other body having purely provincial object."

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-27.

An Act respecting Guaranty Trust Company of Canada.

Read a first time, Tuesday, 30th May, 1961.

Honourable Senator BRUNT.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

25021–7

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-27.

An Act respecting Guaranty Trust Company of Canada.

Preamble. 1925, c. 65; 1947, c. 90; 1949 (1st Sess.), c. 33.

WHEREAS Guaranty Trust Company of Canada, hereinafter called "the Company", has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Increase in capital stock.

1. Section 3 of chapter 65 of the statutes of 1925, as amended by chapter 90 of the statutes of 1947, and as further amended by chapter 33 of the statutes of 1949 (First Session), is repealed and the following substituted therefor:

"**3.** The capital stock of the Company shall be ten million dollars."

Name in French.

2. The Company may use, in the transaction of its business, either the name Guaranty Trust Company of Canada or the name Compagnie Guaranty Trust du Canada, in either of which names it may sue or be sued, and any transaction, contract or obligation heretofore or hereafter entered into or incurred by the Company in either of the said names shall be valid and binding on the Company.

Existing rights saved.

3. Nothing contained in section 2 of this Act shall in any way impair, alter or affect the rights or liabilities of the Company, except as therein expressly provided, nor in any way affect any suit or proceeding now pending or judgment existing, either by or in favour of or against the Company, which, notwithstanding the provisions of section 2 of this Act, may be prosecuted, continued, completed and enforced as if this Act had not been passed.

Explanatory Notes.

The purpose of clause 1 of the Bill is to authorize an increase in the capital stock of the Company from five million dollars to ten million dollars.

Section 3 of chapter 65 of the statutes of 1925, as amended by chapter 90 of the statutes of 1947, and as further amended by chapter 33 of the statutes of 1949 (First Session), reads as follows:—

"**3.** The capital stock of the Company shall be five million dollars."

The purpose of clauses 2 and 3 of the Bill is to add a French version to the name of Guaranty Trust Company of Canada and to preserve the existing rights and liabilities of the Company.

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-28.

An Act to amend the Trust Companies Act.

First reading, Tuesday, 6th June, 1961.

Honourable Senator ASELTINE.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

25363-3

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-28.

An Act to amend the Trust Companies Act.

R.S., c. 272; 1952-53, c. 10; 1958, c. 42.

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

1. (1) Subparagraph (ii) of paragraph (*a*) of subsection (1) of section 64 of the *Trust Companies Act* is repealed and the following substituted therefor:

"(ii) mortgages or hypothecs on freehold real estate in Canada and agreements for sale of such real estate, but the amount paid for the mortgage, hypothec or agreement for sale, together with the amount of indebtedness under any mortgage, hypothec or agreement for sale ranking equally with or superior to the mortgage, hypothec or agreement for sale in which the investment is made, shall not exceed two-thirds of the value of the real estate,"

(2) Subparagraph (iii) of paragraph (*b*) of subsection (1) of section 64 of the said Act is repealed and the following substituted therefor:

"(iii) freehold real estate in Canada for the production of income in accordance with paragraph (*l*) of subsection (1) of section 68, but the amount invested under this subparagraph shall not exceed five per cent of the total guaranteed trust money held by the company or twenty-five per cent of the company's unimpaired paid-up capital and reserve, and the amount invested in any one parcel of real estate under this subparagraph, when added to the amount invested in such parcel under the said para-

Explanatory Notes.

The main purpose of this Bill is to make certain changes in the investment powers of trust companies incorporated by Parliament. These changes are either parallel to changes made for insurance companies at this session of Parliament or are intended to make the investment powers of trust companies correspond more closely to the investment powers of insurance companies.

Clause 1. (1): The amendment to subparagraph (ii) would enable a company to invest unguaranteed trust money in mortgages on real estate up to two-thirds of the value of the real estate instead of sixty per cent of the real estate as at present.

Subparagraph (ii) at present reads as follows:

"(ii) mortgages or hypothecs on freehold real estate in Canada and agreements for sale of such real estate, but the amount paid for the mortgage, hypothec, or agreement for sale, together with the amount of indebtedness under any mortgage, hypothec or agreement for sale ranking superior to the mortgage, hypothec or agreement for sale in which the investment is made, shall not exceed *sixty per cent* of the value of the real estate,"

(2) The amendment to subparagraph (iii) would increase the maximum limit of investment of guaranteed trust money in any one parcel of real estate for the production of income.

The present subparagraph (iii) reads as follows:

"(iii) freehold real estate in Canada for the production of income in accordance with paragraph (*l*) of subsection (1) of section 68, but the amount invested under this subparagraph shall not exceed five per cent of the total guaranteed trust money held by the company or twenty-five per cent of the company's unimpaired paid-up capital and reserve, and the amount invested in any one parcel of real estate under this subparagraph, when added to the amount invested in such parcel under the said paragraph (*l*), shall not exceed *one-half of* one per cent of the aggregate of the book value of the company's own funds and of the guaranteed trust money held by the company;"

graph (*l*), shall not exceed one per cent of the aggregate of the book value of the company's own funds and of the guaranteed trust money held by the company;"

(3) Subparagraph (iii) of paragraph (*c*) of subsection (1) of section 64 of the said Act is repealed and the following substituted therefor:

"(iii) freehold real estate in Canada, but the amount of the loan, together with the amount of indebtedness under any mortgage or hypothec on the real estate ranking equally with or superior to the loan, shall not exceed two-thirds of the value of the real estate; and"

(4) Subparagraphs (ii) and (iii) of paragraph (*d*) of of subsection (1) of section 64 of the said Act are repealed and the following substituted therefor:

"(ii) securities mentioned in any of paragraphs (*b*) to (*j*) of subsection (1) of section 68 or in paragraph (*b*) of subsection (3) of section 68, if such securities are also authorized by the instrument creating the trust, subject to all the limitations and restrictions imposed by section 68 other than by subsections (8) and (12) thereof, or

(iii) freehold real estate in Canada, but the amount of the loan, together with the amount of indebtedness under any mortgage or hypothec on the real estate ranking equally with or superior to the loan, shall not exceed two-thirds of the value of the real estate."

2. (1) Paragraph (*f*) of subsection (1) of section 68 of the said Act is repealed and the following substituted therefor:

"(*f*) obligations or certificates issued by a trustee to finance the purchase of transportation equipment for a corporation incorporated in Canada to be used on railways or public highways, if the obligations or certificates are fully secured by

(i) an assignment of the transportation equipment to, or the ownership thereof by the trustee, and

(ii) a lease or conditional sale thereof by the trustee to the corporation;"

(3) The amendment to subparagraph (iii) would enable a company to lend unguaranteed trust money on the security of real estate up to two-thirds of the value of the real estate instead of sixty per cent as at present. Also a minor change in the wording would be effected.

At present subparagraph (iii) reads as follows:

"(iii) freehold real estate in Canada, but the amount of the loan, together with the amount of indebtedness under any mortgage or hypothec on the real estate ranking superior to the loan, shall not exceed *sixty per cent* of the value of the real estate; and"

(4) The amendment to subparagraphs (ii) and (iii) would enable a company to lend guaranteed trust money on the security of real estate up to two-thirds of the value of the real estate instead of sixty per cent as at present. Also a change in the wording and in a cross-reference would be effected.

Subparagraphs (ii) and (iii) at present read as follows:

"(ii) securities mentioned in paragraphs (*b*) to (*j*) inclusive of subsection (1) and paragraph (*b*) of subsection (3) of section 68 subject to all the limitations and restrictions imposed by that section other than subsections (8) and (*9*), if such securities are also authorized by the instrument creating the trust, or

(iii) freehold real estate in Canada, but the amount of the loan, together with the amount of indebtedness under any mortgage or hypothec on the real estate ranking superior to the loan, shall not exceed *sixty per cent* of the value of the real estate."

Clause 2. (1): At present equipment trust certificates are eligible investments if they relate to railway equipment. The amendment to paragraph (*f*) would also include equipment trust certificates issued to finance the purchase of highway transportation equipment. This amendment applies only to the investment of guaranteed trust money and the company's own funds.

The present paragraph (*f*) reads as follows:

"(*f*) equipment trust obligations or certificates issued to finance the purchase of transportation equipment for a railway company incorporated in Canada or for a railway company owned or controlled by a railway company so incorporated, which obligations or certificates are fully secured by an assignment of the transportation equipment to, or by the ownership thereof by, a trustee, and by a lease or conditional sale thereof to the railway company;"

(2) Paragraph (*k*) of subsection (1) of section 68 of the said Act is repealed and the following substituted therefor:

"(*k*) mortgages or hypothecs on freehold real estate in Canada and agreements for sale of such real estate, but the amount paid for the mortgage, hypothec or agreement for sale, together with the amount of indebtedness under any mortgage, hypothec or agreement for sale ranking equally with or superior to the mortgage, hypothec or agreement for sale in which the investment is made, shall not exceed two-thirds of the value of the real estate; or"

(3) All that portion of paragraph (*l*) of subsection (1) of section 68 preceding subparagraph (i) thereof is repealed and the following substituted therefor:

"(*l*) freehold real estate in Canada for the production of income, either alone or jointly with any other trust company, loan company or insurance company incorporated in Canada, if"

(4) Subparagraph (iii) of paragraph (*l*) of subsection (1) of section 68 of the said Act is repealed and the following substituted therefor:

"(iii) the amount invested in any one parcel of real estate under this paragraph when added to the amount invested in such parcel under subparagraph (iii) of paragraph (*b*) of subsection (1) of section 64 does not exceed one per cent of the aggregate of the book value of the company's own funds and of the guaranteed trust money held by the company;"

(5) Paragraph (*d*) of subsection (3) of section 68 of the said Act is repealed and the following substituted therefor:

"(*d*) freehold real estate in Canada, but the amount of the loan, together with the amount of indebtedness under any mortgage or hypothec on the real estate ranking equally with or superior to the loan, shall not exceed two-thirds of the value of the real estate, subject to the exception that the company may accept as part payment for real estate sold by it a mortgage or hypothec for more than two-thirds of the sale price of the real estate."

(6) Section 68 of the said Act is further amended by adding thereto, immediately after subsection (5) thereof, the following subsection:

Other investments and loans.

"(5a) The company may make investments and loans of its own funds otherwise than authorized by this section, but

(2) The amendment to paragraph (*k*) would enable a company to invest its own funds in mortgages on real estate up to a maximum of two-thirds of the value of the real estate instead of sixty per cent as at present. Also a minor change in the wording would be effected.

Paragraph (*k*) at present reads as follows:

"(*k*) mortgages or hypothecs on freehold real estate in Canada and agreements for sale of such real estate, but the amount paid for the mortgage, hypothec, or agreement for sale, together with the amount of indebtedness under any mortgage, hypothec, or agreement for sale ranking superior to the mortgage, hypothec, or agreement for sale in which the investment is made, shall not exceed *sixty per cent* of the value of the real estate; or"

(3) At present, a company may join with other trust companies or loan companies incorporated by Parliament in making investments in real estate for the production of income. The amendment to paragraph (*l*) would enable such investments to be made also jointly with insurance companies incorporated in Canada.

At present paragraph (*l*) reads in part as follows:

"(*l*) freehold real estate in Canada for the production of income, either alone or jointly with any other company to which this Act or the *Loan Companies Act* applies, if"

(4) The amendment to subparagraph (iii) would increase the maximum limit of investment in any one parcel of real estate for the production of income.

At present subparagraph (iii) reads as follows:

"(iii) the amount invested in any one parcel of real estate under this paragraph when added to the amount invested in such parcel under subparagraph (iii) of paragraph (*b*) of subsection (1) of section 64 does not exceed *one-half of* one per cent of the aggregate of the book value of the company's own funds and of the guaranteed trust money held by the company;"

(5) The amendment to paragraph (*d*) would enable a company to lend its own funds on the security of real estate in amounts up to two-thirds of the value of the real estate instead of sixty per cent as at present. Also a minor change in the wording would be effected.

Paragraph (*d*) at present reads as follows:

"(*d*) freehold real estate in Canada, but the amount of the loan, together with the amount of indebtedness under any mortgage or hypothec on the real estate ranking superior to the loan, shall not exceed *sixty per cent* of the value of the real estate, subject to the exception that the company may accept as part payment for real estate sold by it a mortgage or hypothec for more than *sixty per cent* of the sale price of the real estate."

(6) The addition of subsection (5*a*) would permit a company to make investments and loans not otherwise authorized to a maximum amount of fifteen per cent of the company's unimpaired paid-up capital and reserve. The amendment would apply only to the company's own funds and would not extend the company's powers to invest in or lend on the security of real estate or mortgages.

Limitation.

(*a*) the total book value of the investments and loans made under the authority of this subsection and held by the company, excluding those that are or at any time since acquisition have been eligible apart from this subsection, shall not exceed fifteen per cent of the company's unimpaired paid-up capital and reserve; and

Exceptions.

(*b*) this subsection does not

(i) enlarge the authority conferred by subsections (1) to (3) to invest in mortgages or hypothecs on real estate, to invest in real estate or to lend on the security of real estate, or

(ii) affect the operation of paragraph (*j*) of subsection (1) with reference to the maximum proportion of the common stocks and total stocks of any corporation that may be purchased, or with reference to the prohibition against investing in the company's own stock or in the stock of any other trust company."

Limitation on investment in common stocks.

(7) Subsections (8) to (10) of section 68 of the said Act are repealed and the following substituted therefor:

"(8) Except as provided in section 79 and subject to subsection (12) of this section, the total book value of the investments of the company's own funds in common stocks, when added to the total book value of the investments of guaranteed trust money in common stocks, shall not exceed fifteen per cent of the aggregate of the book value of the company's own funds and the book value of the guaranteed trust money held by the company."

Idem.

(8) Subsection (12) of section 68 of the said Act is repealed and the following substituted therefor:

"(12) The book value of the investments and loans of the company's own funds in, or upon the security of, the stocks of corporations shall not exceed in the aggregate twenty-five per cent of the company's unimpaired paid-up capital and reserve."

3. (1) Subparagraph (i) of paragraph (*b*) of subsection (2) of section 79 of the said Act is repealed and the following substituted therefor:

"(i) an offer to purchase has been made to all the shareholders of such other trust company and has been accepted by the holders of at least sixty-seven per cent of the outstanding shares thereof, such evidence of acceptance being in

(7) The amendment to subsection (8) would increase the maximum portion of the company's own funds that may be invested in common stocks. Subsections (9) and (10) are transitional provisions and are no longer considered necessary.

At present subsections (8), (9) and (10) read as follows:

"(8) Except as hereinafter provided, the total book value of the investments of the company in common stocks shall not exceed fifteen per cent of the book value of the company's own funds.

(9) Where the company has on hand, on the 1st day of July, 1947, investments in common stocks of a total book value in excess of fifteen per cent of the book value of the company's own funds at the said date, the provisions of subsection (8) are not applicable to the company until the 1st day of January following the year in which the amount of the said investments is first reduced to fifteen per cent or less of the book value of the company's own funds, and on and after the said date, the said subsection applies; but until the said date no investment in common stocks shall be made by the company.

(10) The amount or value of shares of common stock acquired by the company after the 1st day of July, 1947, as bonuses or dividends on preferred or common stocks or acquired in the exercise of rights or privileges arising from investments of the company in preferred or common stocks, shall not be deemed to be an investment in common stocks for the purposes of subsections (8) and (9)."

(8) The amendment to subsection (12) would effect a change in the wording in order to clarify the meaning of that subsection.

The present subsection (12) reads as follows:

"(12) The amount invested in or loaned upon the security of the stocks of corporations shall not exceed in the aggregate twenty-five per cent of the company's unimpaired paid-up capital and reserve."

Clause 3 (1): This amendment would ensure that where any offer is made by a trust company to purchase the shares of another trust company for the purpose of merger, the same offer must be made to all shareholders.

At present subparagraph (i) reads as follows:

"(i) an offer to purchase has been accepted by the holders of at least sixty-seven per cent of the outstanding shares of such other trust company, such evidence of acceptance being in the form of written agreements or in the form of a resolution signed by or on behalf of the shareholders voting therefor, in person or by proxy, at a meeting of shareholders duly called to consider the offer, or being partly in one form and partly in the other, and"

the form of written agreements or in the form of a resolution signed by or on behalf of the shareholders voting therefor, in person or by proxy, at a meeting of shareholders duly called to consider the offer, or being partly in one form and partly in the other, and"

(2) Section 79 of the said Act is further amended by adding thereto the following subsection:

Number of directors.

"(6) Where a company acquires the whole of the business, rights and property of another trust company under the authority of this section, the company may, notwithstanding section 15, by by-law duly passed by the directors, increase the number of directors to any number not exceeding the aggregate of the number of directors of both companies at the time of the acquisition, subject to the condition that as vacancies occur between annual meetings of the company by reason of disqualification, resignation or death, no such vacancy shall be filled and the maximum number of directors shall be reduced accordingly until the number remaining in office is not greater than the number permitted by section 15."

4. The said Act is further amended by adding thereto, immediately after section 80 thereof, the following heading and section:

"AMALGAMATION.

Amalgamation.

80A. (1) A company may, with the permission of the Minister, amalgamate with one or more other trust companies that are subject to this Act for the purpose of enabling them to continue as one company (hereinafter referred to as the "amalgamated company") under the name of one of the amalgamating companies or under a new name.

Agreement.

(2) The companies proposing to amalgamate shall enter into an agreement (hereinafter called an "amalgamation agreement") prescribing

(*a*) the terms and conditions of the amalgamation;

(*b*) the name of the amalgamated company;

(*c*) the number of directors of the amalgamated company, which number may, notwithstanding section 15, be any number not exceeding the aggregate number of directors of the companies that are parties to the amalgamation agreement immediately prior to the amalgamation, subject to the condition that as vacancies occur between annual meetings of the amalgamated company by reason of disqualification, resignation or death, no such vacancy

(2) Where a company acquires the business, rights and property of another trust company, the new subsection (6) would enable the board of directors to increase the size of the board for the purpose of enabling the directors of the other trust company to become directors of the continuing company. As vacancies arise between annual meetings, the authorized number of directors would decrease until the number did not exceed the number authorized under section 15. Section 15 requires that there be not less than five directors and not more than thirty.

Clause 4: This is a new section intended to grant trust companies power to amalgamate and to prescribe the procedure to be followed. So far as possible, the procedure has been modelled on that set out in the *Bank Act*.

shall be filled and the maximum number of directors shall be reduced accordingly until the number remaining in office is no greater than the number permitted by section 15;

(*d*) the names, callings and places of residence of the first directors and officers of the amalgamated company who shall hold office until the first annual meeting thereof;

(*e*) the capital stock of the amalgamated company, the number of shares into which that stock is to be divided, and the par value thereof;

(*f*) the manner and terms of issuing shares of the amalgamated company to the shareholders of the companies that are parties to the amalgamation agreement; and

(*g*) such other matters as may be necessary to perfect the amalgamation and to provide for the subsequent management and working of the amalgamated company.

(3) The directors of each company that is party to the amalgamation agreement shall cause

Submission of agreement to shareholders.

(*a*) the amalgamation agreement to be submitted to the shareholders of the company for consideration at a meeting duly called for the purpose;

Notice of meeting.

(*b*) notice of the time and place of the meeting, together with a copy of the amalgamation agreement, to be sent to each of the shareholders of the company at least six weeks before the date of the meeting by registered mail addressed to the last known address of each shareholder as recorded in the books of the company;

Idem.

(*c*) notice of the time and place of the meeting to be given in a newspaper, published at the place where the head office of the company is situated, at least once a week for six successive weeks prior to the date of the meeting; and

Notice to Superintendent.

(*d*) a copy of the notice that is sent to the shareholders of the company and a copy of the amalgamation agreement to be delivered to the Superintendent at least four weeks before the date of the meeting.

Approval of agreement by shareholders.

(4) If, at the meeting of the shareholders of each company that is party to the amalgamation agreement, the amalgamation agreement is approved by resolution passed by the affirmative votes of at least three-fourths of the shares that are represented in person or by proxy at the meeting, and such affirmative vote represents at least fifty per cent of the issued capital stock of the company,

(*a*) that approval shall be certified upon the amalgamation

agreement by the secretary of the company under the seal of the company; and

(*b*) two copies of the amalgamation agreement certified as aforesaid by the secretary of each company shall be filed with the Superintendent.

Approval by Governor in Council.

(5) An amalgamation agreement has no force or effect until it has been approved by the Governor in Council in accordance with subsection (6).

Idem.

(6) The Governor in Council shall not approve the amalgamation agreement unless

(*a*) the Treasury Board, on the report of the Superintendent, recommends that the amalgamation agreement be approved;

(*b*) he is satisfied that the shareholders of each company that is a party to the amalgamation agreement have approved it in accordance with subsection (4);

(*c*) the amalgamation agreement is submitted to the Governor in Council for approval within six months from the date of its execution; and

(*d*) notice of the intention of the companies that are parties to the amalgamation agreement to submit the amalgamation agreement to the Governor in Council for approval has been published for at least four weeks in the Canada Gazette and in one or more newspapers published at the place where the head office of each company is situated.

Effect of approval.

(7) The approval by the Governor in Council of the amalgamation agreement amalgamates the companies that are parties to the amalgamation agreement and creates them one body politic and corporate and they shall continue thereafter as one company under the name specified in the amalgamation agreement.

Effect of agreement.

(8) The amalgamated company owns and possesses all the property, rights and interests and is subject to all the duties, liabilities and obligations of each company that is party to the amalgamation agreement and all of the shareholders of the companies that are parties to the amalgamation agreement immediately before the amalgamation are shareholders of the amalgamated company.

Idem.

(9) When approved by the Governor in Council, the amalgamation agreement has the force of law and the amalgamated company shall be deemed to be a trust company incorporated by special Act of the Parliament of Canada.

Idem.

(10) Subject to the amalgamation agreement, the amalgamated company shall have all the powers, privileges and immunities conferred by, and be subject to all the limitations, liabilities and provisions of this Act.

Evidence of approval.

(11) The approval of the Governor in Council of an amalgamation agreement shall be evidenced by an Order of the Governor in Council and a copy of the Order purporting to have annexed thereto a true copy of the amalgamation agreement, certified by the Clerk or the Assistant Clerk of the Privy Council for Canada, is in all courts and for all purposes, *prima facie* evidence of the amalgamation agreement, of the due execution thereof, of its approval by the Governor in Council and of the regularity of all proceedings in connection therewith."

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-29.

An Act to amend the Loan Companies Act.

First reading, Tuesday, 6th, June, 1961.

Honourable Senator ASELTINE.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA 1961

25359–1

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-29.

An Act to amend the Loan Companies Act.

R.S., c. 170; 1952-53, c. 5; 1958, c. 35.

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

1. Subparagraph (ii) of paragraph (*f*) of section 2 of the *Loan Companies Act* is repealed and the following substituted therefor:

"(ii) lending money on the security of freehold real estate, or investing money in mortgages or hypothecs upon freehold real estate, either with or without other objects or powers."

Mortgages on real estate.

2. (1) Paragraph (*f*) of subsection (1) of section 60 of the said Act is repealed and the following substituted therefor:

"(*f*) mortgages or hypothecs on real estate or leaseholds in Canada or in any country in which the company is carrying on business, but the amount paid for the mortgage or hypothec, together with the amount of indebtedness under any mortgage or hypothec on the real estate or leasehold ranking equally with or superior to the mortgage or hypothec in which the investment is made, shall not exceed two-thirds of the value of the real estate or leasehold; or"

Real estate for the production of income.

(2) All that part of paragraph (*g*) of subsection (1) of section 60 of the said Act preceding subparagraph (i) thereof is repealed and the following substituted therefor:

"(*g*) real estate in Canada for the production of income, either alone or jointly with any loan company, trust company or insurance company incorporated in Canada, if"

Explanatory Notes.

The principal purpose of this Bill is to effect certain changes in the investment powers of loan companies incorporated by Parliament. These companies are engaged mainly in lending money on the security of real estate and are to be distinguished from small loans companies licensed under the *Small Loans Act*. The changes are either parallel to similar changes made for insurance companies at this session of Parliament or are intended to make the investment powers of loan companies correspond more closely to the powers of insurance companies.

Clause 1: The amendment to subparagraph (ii) would extend the definition of a "loan company" to include a company that invests in mortgages on real estate as well as a company that lends on the security of real estate.

The present subparagraph (ii) reads as follows:

> "(ii) lending money on the security of mortgages or hypothecs upon freehold real estate, either with or without other objects or powers."

Clause 2: (1) The amendment to paragraph (*f*) would enable a loan company to invest in mortgages on real estate up to two-thirds of the value of the real estate instead of sixty per cent of the value of the real estate as at present. Also minor changes in the wording would be made.

At present paragraph (*f*) reads as follows:

> "(*f*) mortgages or hypothecs on real estate or leaseholds in Canada or elsewhere where the company is carrying on business, but the amount paid for the mortgage or hypothec, together with the amount of indebtedness under any mortgage or hypothec on the real estate or leasehold ranking superior to the mortgage or hypothec in which the investment is made, shall not exceed *sixty per cent* of the value of the real estate or leasehold; or"

(2) At present a company may join with other loan companies or trust companies incorporated by Parliament in making an investment in real estate for the production of income. The amendment to paragraph (*g*) would also enable such investments to be made jointly with any loan, trust or insurance company incorporated in Canada.

The present paragraph (*g*) reads in part as follows:

> "(*g*) real estate in Canada for the production of income, either alone or jointly with any other company to which this Act or the *Trust Companies Act* applies, if"

(3) Subparagraph (iii) of paragraph (*g*) of subsection (1) of section 60 of the said Act is repealed and the following substituted therefor:

"(iii) the total investment of the company in any one parcel of real estate does not exceed one per cent of the book value of the company's total funds;"

(4) Paragraph (*c*) of subsection (2) of section 60 of the said Act is repealed and the following substituted therefor:

Real estate and leaseholds.

"(*c*) real estate or leaseholds in Canada or in any country in which the company is carrying on business, but the amount of the loan, together with the amount of indebtedness under any mortgage or hypothec on the real estate or leasehold ranking equally with or superior to the loan, shall not exceed two-thirds of the value of the real estate or leasehold, subject to the exception that the company may accept as part payment for real estate sold by it a mortgage or hypothec for more than two-thirds of the sale price of the real estate."

(5) The said section 60 is further amended by adding thereto immediately after subsection (4) thereof the following subsection:

Other investments and loans.

"(4a) The company may make investments and loans not hereinbefore authorized by this section but

Limitation.

(*a*) the total book value of the investments and loans made under the authority of this subsection and held by the company, excluding those that are or at any time since acquisition have been eligible apart from this subsection, shall not exceed fifteen per cent of the company's unimpaired paid-up capital and reserve; and

Idem.

(*b*) this subsection does not

(i) enlarge the authority conferred by subsections (1) and (2) to invest in mortgages or hypothecs, to invest in real estate or to lend on the security of real estate or leaseholds,

(ii) affect the operation of paragraph (*e*) of subsection (1) with reference to the maximum proportion of common stocks and total stocks of any company or bank that may be purchased, or

(iii) affect the operation of subsection (3)."

3. Section 61 of the said Act is repealed and the following substituted therefor:

Investment in shares of trust company.

"**61.** Notwithstanding anything contained in section 60, a loan company that, prior to the 28th day of June, 1922, held shares of a trust company to the extent of at

(3) This amendment would increase the maximum limit of investment in any one parcel of real estate for the production of income from one-half of one per cent to one per cent of the company's total funds.

The present subparagraph (iii) reads as follows:

"(iii) the total investment of the company in any one parcel of real estate does not exceed *one-half of* one per cent of the book value of the company's total funds;"

(4) This amendment would enable a company to lend on the security of real estate up to two-thirds of the value of the real estate instead of sixty per cent of the value as at present and would effect minor changes in wording corresponding to the changes in wording effected by subclause (1) of this clause.

Paragraph (*c*) at present reads as follows:

"(*c*) real estate or leaseholds in Canada or elsewhere where the company is carrying on business, but the amount of the loan, together with the amount of indebtedness under any mortgage or hypothec on the real estate or leasehold ranking superior to the loan, shall not exceed *sixty per cent* of the value of the real estate or leasehold, subject to the exception that the company may accept as part payment for real estate sold by it a mortgage or hypothec for more than *sixty per cent* of the sale price of the real estate."

(5) The proposed subsection (4a) is new and its purpose is to permit a company to make investments and loans not otherwise authorized up to a maximum amount of fifteen per cent of the company's unimpaired paid-up capital and reserve. The amendment would not extend the company's powers to invest in or lend on the security of real estate.

Clause 3: The purpose of this amendment is to enable a loan company that owns a controlling interest in a trust company, acquired prior to June 28, 1922, to purchase additional shares of that trust company from other shareholders.

least fifty per cent of the total number of shares of such trust company outstanding at the said date may continue to hold such shares and may purchase or otherwise acquire any additional shares of such trust company."

Number of directors.

4. Section 86 of the said Act is amended by adding thereto the following subsection:

"(7) Where a company acquires the whole of the business, rights and property of another loan company under the authority of this section, the company may, notwithstanding section 12, by by-law duly passed by the directors increase the number of directors to any number not exceeding the aggregate of the number of directors of both companies at the time of the acquisition, subject to the condition that as vacancies occur between annual meetings of the company by reason of disqualification, resignation or death, no such vacancy shall be filled and the maximum number of directors shall be reduced accordingly until the number remaining in office is no greater than the number permitted by section 12."

5. Subparagraph (i) of paragraph (*b*) of subsection (1) of section 90 of the said Act is repealed and the following substituted therefor:

"(i) an offer to purchase has been made to all the shareholders of such other loan company and has been accepted by the holders of at least sixty-seven per cent of the outstanding shares thereof, such evidence of acceptance being in the form of written agreements or in the form of a resolution signed by or on behalf of the shareholders voting therefor, in person or by proxy, at a meeting of the shareholders duly called to consider the offer, or being partly in one form and partly in the other, and"

6. The said Act is further amended by adding thereto, immediately after section 90 thereof, the following heading and section:

"AMALGAMATION.

Amalgamation.

90A. (1) A company may, with the permission of the Minister, amalgamate with one or more other loan companies that are subject to this Act for the purpose of enabling them to continue as one company (hereinafter referred to as the "amalgamated company") under the name of one of the amalgamating companies or under a new name.

The present section 61 reads as follows:

"**61.** Notwithstanding anything contained in section 60, a loan company that prior to the 28th day of June, 1922, held shares of a trust company to the extent of at least fifty per cent of the total number of shares of such trust company outstanding at the said date may continue to hold such shares and may *invest in the whole or any portion of any additional issue of shares by such trust company.*"

Clause 4: Where a company acquires the business, rights and property of another loan company, the new subsection would enable the board of directors to increase the size of the board for the purpose of enabling the directors of the other loan company to become directors of the purchasing company. As vacancies arise between annual meetings, the maximum number of directors would decrease until the number did not exceed the number permitted by section 12. Section 12 requires that there be not less than five directors and not more than thirty.

Clause 5: This amendment would require that where any offer is made by a loan company to purchase shares of another loan company for the purpose of merger, the same offer be made to all shareholders.

At present subparagraph (i) reads as follows:

"(i) an offer to purchase has been accepted by the holders of at least sixty-seven per cent of the outstanding shares of such other loan company, such evidence of acceptance being in the form of written agreements or in the form of a resolution signed by or on behalf of the shareholders voting therefor, in person or by proxy, at a meeting of shareholders duly called to consider the offer, or being partly in one form and partly in the other, and"

Clause 6: This is a new section intended to grant loan companies power to amalgamate and to prescribe the procedure to be followed. So far as possible, the procedure has been modelled on that set out in the *Bank Act*.

Agreement.

(2) The companies proposing to amalgamate shall enter into an agreement (hereinafter called an "amalgamation agreement") prescribing

(*a*) the terms and conditions of the amalgamation;

(*b*) the name of the amalgamated company;

(*c*) the number of directors of the amalgamated company, which number may, notwithstanding section 12, be any number not exceeding the aggregate number of directors of the companies that are parties to the amalgamation agreement immediately prior to the amalgamation, subject to the condition that as vacancies occur between annual meetings of the amalgamated company by reason of disqualification, resignation or death, no such vacancy shall be filled and the maximum number of directors shall be reduced accordingly until the number remaining in office is no greater than the number permitted by section 12;

(*d*) the names, callings and places of residence of the first directors and officers of the amalgamated company who shall hold office until the first annual meeting thereof;

(*e*) the capital stock of the amalgamated company, the number of shares into which that stock is to be divided, and the par value thereof;

(*f*) the manner and terms of issuing shares of the amalgamated company to the shareholders of the companies that are parties to the amalgamation agreement; and

(*g*) such other matters as may be necessary to perfect the amalgamation and to provide for the subsequent management and working of the amalgamated company.

(3) The directors of each company that is party to the amalgamation agreement shall cause

Submission of agreement to shareholders.

(*a*) the amalgamation agreement to be submitted to the shareholders of the company for consideration at a meeting duly called for the purpose;

Notice of meeting.

(*b*) notice of the time and place of the meeting, together with a copy of the amalgamation agreement, to be sent to each of the shareholders of the company at least six weeks before the date of the meeting by registered mail addressed to the last known address of each shareholder as recorded in the books of the company;

Idem.

(*c*) notice of the time and place of the meeting to be given in a newspaper, published at the place where the head office of the company is situated, at least once a week for six successive weeks prior to the date of the meeting; and

Notice to Superintendent.

(*d*) a copy of the notice that is sent to the shareholders of the company and a copy of the amalgamation agreement to be delivered to the Superintendent at least four weeks before the date of the meeting.

Approval of agreement by shareholders.

(4) If, at the meeting of the shareholders of each company that is party to the amalgamation agreement, the amalgamation agreement is approved by resolution passed by the affirmative votes of at least three-fourths of the shares that are represented in person or by proxy at the meeting, and such affirmative vote represents at least fifty per cent of the issued capital stock of the company,

(*a*) that approval shall be certified upon the amalgamation agreement by the secretary of the company under the seal of the company; and

(*b*) two copies of the amalgamation agreement certified as aforesaid by the secretary of each company shall be filed with the Superintendent.

Approval by Governor in Council.

(5) An amalgamation agreement has no force or effect until it has been approved by the Governor in Council in accordance with subsection (6).

Idem.

(6) The Governor in Council shall not approve the amalgamation agreement unless

(*a*) the Treasury Board, on the report of the Superintendent, recommends that the amalgamation agreement be approved;

(*b*) he is satisfied that the shareholders of each company that is a party to the amalgamation agreement have approved it in accordance with subsection (4);

(*c*) the amalgamation agreement is submitted to the Governor in Council for approval within six months from the date of its execution; and

(*d*) notice of the intention of the companies that are parties to the amalgamation agreement to submit the amalgamation agreement to the Governor in Council for approval has been published for at least four weeks in the Canada Gazette and in one or more newspapers published at the place where the head office of each company is situated.

Effect of approval.

(7) The approval by the Governor in Council of the amalgamation agreement amalgamates the companies that are parties to the amalgamation agreement and creates them one body politic and corporate and they shall continue thereafter as one company under the name specified in the amalgamation agreement.

Effect of agreement.

(8) The amalgamated company owns and possesses all the property, rights and interests and is subject to all the duties, liabilities and obligations of each company that is

party to the amalgamation agreement and all of the shareholders of the companies that are parties to the amalgamation agreement immediately before the amalgamation are shareholders of the amalgamated company.

Idem. (9) When approved by the Governor in Council, the amalgamation agreement has the force of law and the amalgamated company shall be deemed to be a loan company incorporated by special Act of the Parliament of Canada.

Idem. (10) Subject to the amalgamation agreement, the amalgamated company shall have all the powers, privileges and immunities conferred by, and be subject to all the limitations, liabilities and provisions of this Act.

Evidence of approval. (11) The approval of the Governor in Council of an amalgamation agreement shall be evidenced by an Order of the Governor in Council and a copy of the Order purporting to have annexed thereto a true copy of the amalgamation agreement, certified by the Clerk or the Assistant Clerk of the Privy Council for Canada, is in all courts and for all purposes, *prima facie* evidence of the amalgamation agreement, of the due execution thereof, of its approval by the Governor in Council and of the regularity of all proceedings in connection therewith."

Fourth Session, Twenty-Fourth Parliament, 9–10 Elizabeth II, 1960–61.

THE SENATE OF CANADA

BILL S-30.

An Act to incorporate The Equitable General Insurance Company.

Read a first time, Saturday, 8th July, 1961.

Honourable Senator VAILLANCOURT.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1961

25443-3—1

4th Session, 24th Parliament, 9-10 Elizabeth II, 1960-61.

THE SENATE OF CANADA

BILL S-30.

An Act to incorporate The Equitable General Insurance Company.

Preamble.

WHEREAS the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Incorporation.

1. Georges de Léry Demers, one of Her Majesty's Counsel, of the city of Sillery, Gilles de Billy, one of Her Majesty's Counsel, of the city of Quebec, and Dominique Charbonneau, managing director, of the city of Montreal, all in the province of Quebec, together with such persons as become shareholders in the company or as become policyholders on the mutual system of the company, are

Corporate name.

incorporated under the name of The Equitable General Insurance Company, and, in French, L'Equitable, Compagnie d'Assurances Générales, hereinafter called "the Company", and either the English or the French name of the Company may be used in carrying on the business or operations of the Company.

Provisional directors.

2. The persons named in section 1 of this Act shall be the provisional directors of the Company.

Head office.

3. The head office of the Company shall be in the city of Montreal, in the province of Quebec.

Capital stock.

4. The capital stock of the Company shall be one million dollars divided into shares of ten dollars each.

Subscription before general meeting.

5. The amount to be subscribed before the general meeting for the election of directors is called shall be two hundred thousand dollars.

Classes of insurance authorized.

6. The Company may undertake, transact and make contracts of insurance upon either the cash premium system or the mutual system in any one or more of the following classes of insurance:

(*a*) fire insurance;
(*b*) accident insurance;
(*c*) aircraft insurance;
(*d*) automobile insurance;
(*e*) boiler insurance;
(*f*) credit insurance;
(*g*) earthquake insurance;
(*h*) explosion insurance;
(*i*) falling aircraft insurance;
(*j*) forgery insurance;
(*k*) guarantee insurance;
(*l*) hail insurance;
(*m*) impact by vehicles insurance;
(*n*) inland transportation insurance;
(*o*) live stock insurance;
(*p*) machinery insurance;
(*q*) marine insurance;
(*r*) personal property insurance;
(*s*) plate glass insurance;
(*t*) real property insurance;
(*u*) sickness insurance;
(*v*) sprinkler leakage insurance;
(*w*) theft insurance;
(*x*) water damage insurance;
(*y*) weather insurance;
(*z*) windstorm insurance.

Subscription and payment of capital before commencing business.

7. (1) The Company shall not commence any business of insurance until at least three hundred thousand dollars of its capital stock has been bona fide subscribed and at least two hundred thousand dollars paid thereon. It may then transact the business of fire insurance and, in addition thereto, civil commotion insurance, earthquake insurance, limited or inherent explosion insurance, falling aircraft insurance, impact by vehicles insurance, hail insurance, sprinkler leakage insurance, weather insurance, water damage insurance and windstorm insurance, limited to the insurance of the same property as is insured against the risk of fire under a policy of the Company.

Additional amounts for certain classes of business.

(2) The Company shall not commence business in any of the other classes of insurance authorized by section 6 of this Act until the paid capital, or the paid capital together with the surplus, exceeds two hundred thousand dollars by an amount or amounts depending upon the nature of the additional class or classes of business as follows, that is to say:—for accident insurance, the said excess shall not be less than eighty thousand dollars; for aircraft insurance, not less than forty thousand dollars; for automobile insurance, not less than forty thousand dollars; for boiler insurance, not less than forty thousand dollars; for credit insurance, not less than forty thousand dollars; for earthquake insurance, not less than ten thousand dollars; for explosion insurance, not less than forty thousand dollars; for falling aircraft insurance, not less than ten thousand dollars; for forgery insurance, not less than forty thousand dollars; for guarantee insurance, not less than one hundred thousand dollars; for hail insurance, not less than fifty thousand dollars; for impact by vehicles insurance, not less than ten thousand dollars; for inland transportation insurance, not less than twenty thousand dollars; for live stock insurance, not less than forty thousand dollars; for machinery insurance, not less than forty thousand dollars; for marine insurance, not less than one hundred thousand dollars; for personal property insurance, not less than twenty thousand dollars; for plate glass insurance, not less than twenty thousand dollars; for real property insurance, not less than twenty thousand dollars; for sickness insurance, not less than twenty thousand dollars; for sprinkler leakage insurance, not less than ten thousand dollars; for theft insurance, not less than forty thousand dollars; for water damage insurance, not less than twenty thousand dollars; for weather insurance, not less than twenty thousand dollars; and for windstorm insurance, not less than fifty thousand dollars.

When Company may transact any or all classes of insurance business.

(3) Notwithstanding anything to the contrary contained in this section, the Company may transact business in any one or more of the classes of insurance authorized by section 6 of this Act when the paid capital amounts to at least five hundred thousand dollars and the paid capital together with the surplus amounts to at least one million dollars.

"Surplus" defined.

(4) In this section, the word "surplus" means the excess of assets over liabilities, including in the liabilities the amount paid on account of capital stock and the reserve of unearned premiums calculated *pro rata* for the unexpired term of all policies of the Company in force.

Position of policyholders.

8. (1) Every policyholder on the mutual system shall be a member of the Company during the period specified in his policy and shall, during such period, be subject to the

provisions of this Act and the by-laws of the Company, but he may without the consent of the Company withdraw therefrom upon the terms and conditions hereinafter specified.

(2) Every such policyholder shall, before he receives his policy, deposit his note or undertaking, hereinafter called a "deposit note", payable on demand to the Company only, endorsed to the satisfaction of the directors, and for a sum of money proportioned according to the classification of risks established by the directors.

Voting at meetings.

9. At all meetings of the Company, each policyholder on the mutual system who is not in default in respect of any assessment on his deposit note shall be entitled to one vote for each one thousand dollars of insurance on the mutual system held by him.

Notice of meeting.

10. (1) Notice of every annual or special general meeting of the Company shall be sent by post to every policyholder on the mutual system and shall be published in two or more daily newspapers published at or near the place where the head office is located at least fifteen days prior to the day of the meeting.

(2) The directors shall at least seven days prior to the date of the annual meeting send to every policyholder on the mutual system by post the annual statement for the year ending on the last previous thirty-first day of December, which statement shall be certified by the auditors of the Company.

Election of directors.

11. (1) There shall be elected at the first annual meeting a board of not less than nine nor more than twenty-one directors, who shall hold office for one year but shall be eligible for re-election.

(2) The Company shall, by by-law passed not less than three months prior to the holding of its second annual meeting after the passing of this Act, determine the number of directors to be elected at that and at subsequent annual meetings until otherwise changed by by-law.

(3) At any annual meeting after the second the Company may by by-law change, or authorize the board of directors to change from time to time, the number of directors, but the board shall at all times consist of not less than nine nor more than twenty-one directors, and in the event of any increase in the number of directors having been made by the directors, the vacancy or vacancies in the board thereby created may be filled by the directors from among the qualified shareholders or policyholders, as the case may be, to hold office until the next annual meeting.

Term of office.

(4) The Company may by by-law provide that all of the directors shall be elected for one, two or three years, and if the by-law provides for a term of two or of three years, it may also provide that the term of office of each director shall be for the whole of that term, or that, as nearly as may be, one-half the directors shall retire each year if the term is two years, and, as nearly as may be, one-third of the directors shall retire each year if the term is three years; but a director who has completed his term of office shall be eligible for re-election.

Two classes of directors.

Proviso.

12. The Company shall provide by by-law for the election of a majority of the board of directors by the shareholders and of the balance of the board by the policyholders on the mutual system: Provided that the directors elected by the policyholders on the mutual system shall form not less than one-third of the board. Any policyholder on the mutual system who is not a shareholder and who holds a policy or policies on the mutual system to the amount of at least one thousand dollars shall be eligible as a policyholders' director, but he shall cease to be such director if the amount of his insurance as aforesaid becomes reduced below the sum of one thousand dollars.

Payments on account of deposit notes.

13. (1) A cash payment on account of the deposit note in such amount as the directors may determine by their by-laws may be demanded and received from the policyholder on the mutual system before he obtains his policy and the remainder shall be payable wholly or in part at any time when the directors deem the same to be necessary for the payment of the losses or expenses of the Company.

(2) The directors shall by by-law establish an entrance fee payable before any policy on the mutual system is issued. Such entrance fee shall not exceed ten per centum of the total amount of the deposit note and when paid shall be deemed to be a payment on the deposit note and to have been fully earned at the date of payment.

(3) Every policyholder on the mutual system shall pay his proportion of all losses and expenses incurred, and the deposit notes belonging to the Company shall be assessed under the direction of the board of directors at such intervals from their respective dates and for such sums as the directors determine, and for such further sums as they may think necessary to meet the losses and other expenditure incurred during the currency of the policies for which the said notes were given, and in respect of which they are liable to assessment. Every policyholder on the mutual system shall pay such sums, during the continuance of the policy, in accordance with such assessment.

(4) The directors of the Company may determine each year, in advance, the amount of the assessment on the deposit notes required to be made to meet the estimated annual losses and expenses for the year, and for a reserve fund as hereinafter provided.

(5) The directors may, in fixing the assessments, provide for the creation and maintenance of a reserve fund, to remain in the possession of the Company after the payment of its ordinary expenses and losses, but the yearly assessment for such fund shall not at any time exceed ten per centum of the amount of the deposit notes.

(6) Notice of the total amount of assessments on deposit notes to be paid in any year shall be given, in the form provided by the by-laws of the Company, by a circular mailed by post to each member.

Cancellation of policies issued on mutual system.

14. (1) Any policy issued on the mutual system may be cancelled by the holder thereof by giving written notice to that effect by mail to the Company, and on such cancellation the policyholder shall cease to be a member of the Company, but on such cancellation or if the Company cancels any such policy in accordance with the conditions thereof, the policyholder shall nevertheless be liable to pay his proportion of losses and expenses to the Company up to the time of such cancellation and on so doing he shall be entitled to a return of his deposit note and the deposit note shall thereupon be null and void.

(2) Should a loss occur on the property insured by a policy on the mutual system, the board of directors may retain, by deduction from the amount of the loss, the unpaid amount of the deposit note given for the insurance of such property, until the expiration of the term for which the insurance was contracted and at the expiration of such term the insured may withdraw such part of the amount retained as has not been assessed.

(3) When a policy on the mutual system expires or is cancelled and the assessments or contribution to the date of expiration or cancellation are paid, the deposit note is null and void, and shall be delivered to the signer thereof on demand.

Recovery of unpaid assessments on deposit notes.

15. (1) The Company may sue for and recover, with costs, the assessments on the deposit notes of the policyholders who have refused or neglected to pay to the Company the sum of money which the directors have declared to be payable on such deposit notes, but no action or proceeding shall be commenced against any policyholder for the recovery of any assessment within the thirty days following the date when such assessment becomes due.

(2) In all suits for the recovery of assessments, the certificate of the secretary-treasurer of the Company shall be *prima facie* evidence that the same are due and that all formalities have been complied with.

Effect of non-payment of assessments.

16. If the assessment on the deposit note upon any policy be not paid within thirty days after the day on which the said assessment shall become due the policy of insurance for which the said assessment shall have been made shall be null and void as respect all claims for losses occurring during the time of such non-payment: Provided, always, that the said policy shall be reinstated when such assessment shall have been paid, unless the secretary gives notice to the contrary to the assessed party, but nothing herein contained shall relieve the policyholder from his liability to pay such assessment or any subsequent assessments.

Proviso.

Liability of assets.

17. All the assets of the Company, including the deposit notes given by policyholders on the mutual system, shall be liable for losses occurring on all the policies of the Company, whether on the cash premium or on the mutual system.

Provision for meeting deficiency of assets if Company wound up.

18. In the event of the winding-up of the Company, if the assets on hand at the date of winding-up, exclusive of the unpaid balance of the shareholders' subscriptions, and exclusive of the unassessed portion of the deposit notes of the policyholders on the mutual system, are insufficient to pay all the liabilities of the Company in full, a call shall be made upon the shareholders of the Company, not exceeding the unpaid balance of their subscriptions, and if the amount yielded by such call is insufficient to remove the deficiency, an assessment shall be made on the said policyholders in respect of their deposit notes to an amount not exceeding the unpaid balance of such notes.

19. No policy on the mutual system issued by the Company shall extend over a period greater than five years.

Distribution to policy holders.

20. The directors may from time to time, out of the earnings of the Company, distribute equitably to the holders of participating policies on the cash plan issued by the Company such sums as in the judgment of the directors are proper and justifiable.

Power to acquire rights, etc., of a certain Quebec insurance company.

21. (1) The Company may acquire the whole or any part of the rights and property, and may assume the obligations and liabilities of The Equitable General Insurance Company incorporated in May, 1901, pursuant to

section XVII of chapter 3 of title XI (articles 5264 *et seq.*) of the Revised Statutes of the Province of Quebec, 1888, with additional powers provided for by chapter 112 of the Statutes of the Province of Quebec, 1907, and chapter 138 of the Statutes of the Province of Quebec, 1939, the name of which was changed by Order-in-Council of the Province of Quebec number 44, dated January 29th, 1959, hereinafter called "the Provincial Company"; and in the event of such acquisition and assumption, the Company shall perform and discharge all such obligations or liabilities of the Provincial Company in respect of the rights and property acquired as are not performed and discharged by the Provincial Company.

Duties in such event.

(2) No agreement between the Company and the Provincial Company providing for such acquisition and assumption shall become effective until it has been submitted to and approved by the Treasury Board of Canada.

Approval of Treasury Board.

22. This Act shall come into force on a date to be specified by the Superintendent of Insurance in a notice in the *Canada Gazette;* and such notice shall not be given until this Act has been approved by a resolution adopted by at least two-thirds of the votes of the members of the Provincial Company present or represented by proxy at a meeting duly called for that purpose, nor until the Superintendent of Insurance has been satisfied by such evidence as he may require that such approval has been given and that the Provincial Company has ceased to do business or will cease to do business forthwith upon a certificate of registry being issued to the Company.

Coming into force.

23. The *Canadian and British Insurance Companies Act* shall apply to the Company, except as herein provided by this Act.

R.S., c. 31; 1956, c. 28; 1957-58, c. 11; 1960-61, c. 13.