

Bill No. 78 of 1948.

A BILL RESPECTING THE LIFE INSURANCE
COMPANY OF ALBERTA

NOTE.

This Bill introduces a new Act.

The Bill constitutes The Life Insurance Company of Alberta which will take over all the business and undertaking of the Life Branch of the Alberta Government Insurance Office.

The Lieutenant Governor in Council is empowered to appoint a Board of five directors which will operate the Company for two years. At the end of that time, the policy-holders may elect two directors. The Company will then be administered by a Board of seven directors, five of whom are appointed and two of whom are elected by the policy-holders. One policy-holders' director will be elected at each annual general meeting for a two-year term.

The sum of five hundred thousand dollars is advanced by the Province to the Company on terms and conditions to be fixed by the Lieutenant Governor in Council.

The business and undertaking of the Life Branch of the Alberta Government Insurance Office are vested in the Company on a date to be fixed by the Lieutenant Governor in Council. The Company will take over all assets, liabilities, contracts, agencies, offices and staff of the said Alberta Government Insurance Office.

The Province guarantees the payment by the Company of all policies issued by the Alberta Government Insurance Office which are transferred to the Company by this Act.

The Company, after providing for payment of its debts and establishing adequate reserves, may pay dividends to its policy-holders.

The Company is authorized to establish its own contributory pension scheme for its employees or to come under the provisions of *The Public Service Pension Act*.

In the event that the Government decides to discontinue its participation in the business and undertaking of the Company, it may do so in accordance with the provisions set out in section 26. The Lieutenant Governor in Council is empowered to require repayment of all advances or to require assurances regarding repayment of such advances. He is also required to make provision for the election by the policy-holders of policy-holders' directors to replace the ap-

pointed directors and to make provision for any other matter or thing necessary to provide for the continued operation of the Company by the policy-holders. Upon a date to be fixed by the Lieutenant Governor in Council the policy-holders' directors assume full control and the Province would thereupon cease to participate in the business of the Company.

W. S. GRAY,
Legislative Counsel.

(This note does not form any part of the Bill but is offered in explanation of its provisions.)

BILL

Bill No. 78 of 1948.

An Act respecting The Life Insurance Company of Alberta.

(Assented to _____, 1948.)

HIS MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

SHORT TITLE.

1. This Act may be cited as "*The Life Insurance Company of Alberta Act*".

INTERPRETATION.

2. In this Act, unless the context otherwise requires,—
- (a) "Appointed director" means a director appointed by the Lieutenant Governor in Council pursuant to this Act;
 - (b) "Board" means the Board of Directors of The Life Insurance Company of Alberta provided for by this Act;
 - (c) "Company" means The Life Insurance Company of Alberta constituted by this Act;
 - (d) "Policy-holders' director" means a director elected by the policy-holders as provided for in this Act.

CONSTITUTION AND POWERS.

3.—(1) There is hereby constituted a corporation under the name and style of "The Life Insurance Company of Alberta" which shall have perpetual succession and a common seal.

(2) The Company shall not be deemed to be an agency or emanation of the Crown, and it shall not be entitled to the privileges or immunities of the Crown, and it may sue and be sued in all courts in the same manner as any other company.

(3) The head office of the Company shall be at the City of Edmonton, in the Province of Alberta.

4. The Company is hereby empowered,—
- (a) to engage in and carry on the business of life insurance and reinsurance in all its branches, that is to

say, it may make contracts of life insurance and may grant, sell or purchase life annuities, grant endowments depending upon the contingency of human life, and generally carry on the business of life insurance in all its branches and forms and to do all acts and things which are requisite for the purpose of engaging in or carrying on any such business or are incidental thereto;

- (b) to engage in and carry on the business of accident and sickness insurance and reinsurance in all its branches, that is to say, the business of insuring and reinsuring against any or all contingencies arising out of accidents or sickness and generally to carry on the business of accident and sickness insurance in all its branches and forms and to do all acts and things which are requisite for the purpose of engaging in or carrying on any such business or are incidental thereto.

ORGANIZATION AND ADMINISTRATION.

5.—(1) The business of the Company shall be administered by a Board of Directors.

(2) The Board may exercise all the powers of the Company.

6.—(1) The Lieutenant Governor in Council may appoint a Board of not more than five persons as directors of the Company, one of whom may be appointed as President of the Board.

(2) The directors so appointed shall hold office during the pleasure of the Lieutenant Governor in Council.

(3) At the second annual general meeting of the Company which shall be held within two years of the first appointment of directors, the directors shall,—

- (a) provide for the election by the policy-holders of two policy-holders as policy-holders' directors, one of whom shall hold office for one year, and one of whom shall hold office for two years;

- (b) lay before the Company a profit and loss account, balance sheet, and other material required pursuant to section 14.

7.—(1) From and after the second annual general meeting, the Board shall consist of not more than seven directors.

(2) The directors may be of two classes, namely, appointed directors and policy-holders' directors.

8.—(1) The Lieutenant Governor in Council may appoint not more than five appointed directors who shall hold office during the pleasure of the Lieutenant Governor in Council.

(2) The policy-holders may elect two policy-holders as policy-holders' directors.

(3) One policy-holders' director shall be elected each year at the annual general meeting of the Company, and each policy-holders' director so elected shall hold office for two years.

9.—(1) The Lieutenant Governor in Council may from time to time appoint an appointed director or a policy-holders' director as President of the Board.

(2) Any director may be re-elected or reappointed.

(3) No person who is an employee of the Company, other than the General Manager, may be appointed or elected or may hold office as a director.

10.—(1) Every person whose life is insured by the Company under a participating policy or policies for two thousand dollars or more upon which no premiums are due, shall be a member of the Company and shall be entitled to notice of and to attend and vote at all general meetings of the Company and to nominate and vote for policy-holders' directors.

(2) Every person whose life is insured under a participating policy or policies of the Company for four thousand dollars or more upon which no premiums are due and who has paid premiums on the policy or policies for at least three full years, shall be eligible for election as a policy-holders' director.

11.—(1) The election of directors shall be by ballot.

(2) At all meetings of directors for the transaction of business a majority of the Board shall be a quorum.

(3) The Company shall have a fixed time in each year for its annual meeting and due notice of the same shall be given at least fifteen days before in two or more daily newspapers published in the City of Edmonton, and the time shall also be printed in prominent type on each renewal receipt issued by the Company.

(4) Every proxy representing a policy-holder must be himself a policy-holder and entitled to vote, and an instrument of proxy shall not be valid unless executed within three months of the date of the meeting at which it is to be used, and unless filed with the secretary of the Company at least ten days before the meeting, and shall be used only at the meeting or any adjournment thereof and may be revoked at any time prior to the meeting.

(5) Vacancies occurring in the Board may be filled in the case of an appointed director, by appointment made by the Lieutenant Governor in Council, and in the case of a policy-holders' director, either by appointment made by the Board

if the unexpired term is one year, or less, or by election by the policy-holders at the next annual general meeting if the unexpired term is greater than one year.

(6) If at any time the appointment or election of directors is not made, or does not take effect at the proper time, such appointment or election may take place at any general meeting of the Company duly called for that purpose, and the retiring directors shall continue in office until their successors are appointed or elected.

12.—(1) The Company shall at each annual general meeting appoint an auditor or auditors to hold office until the next annual general meeting.

(2) If an appointment of an auditor or auditors is not made at an annual general meeting or the annual general meeting is not held, a judge of the Supreme Court may on the application of the General Manager or of any director or of any policy-holder appoint an auditor or auditors for the current year.

13.—(1) The company shall at each annual general meeting appoint a solicitor or solicitors to act for the Company until the next annual general meeting.

(2) If an appointment of a solicitor or solicitors is not made at an annual general meeting, the directors may appoint a solicitor or solicitors for the current year.

14. At every annual general meeting, after the second annual general meeting, the Board shall lay before the Company,—

- (a) a profit and loss account for the period since the preceding account made up to a date not more than four months prior to the annual general meeting;
- (b) a balance sheet signed on behalf of the Board by two directors;
- (c) a report by the Board as to the state of the Company's affairs;
- (d) the report of the auditors;
- (e) such further information regarding the Company's financial position as the Lieutenant Governor in Council may require.

POWERS OF THE BOARD.

15. The Board may make or cause to be made for the Company any description of contract which the Company may by law enter into.

16.—(1) The Board shall appoint a General Manager who shall be the chief executive officer of the Company, and who shall exercise such powers and perform such duties as the Board may direct from time to time.

(2) The General Manager may be a director.

17.—(1) The Board may,—

- (a) sell, improve, manage, develop, exchange, lease, dispose of, turn to account, or otherwise deal with all or any part of the property and rights of the Company;
 - (b) invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined.
- (2) The Board may make by-laws relating to,—
- (a) the appointment, functions, duties and removal of all actuaries, medical referees, officers, employees, agents or servants of the Company, the security to be given by them to the Company and the remuneration they shall receive;
 - (b) the time and place for the holding of the annual general meeting of the Company, the calling of meetings, regular and special, of the directors and of the Company, the requirements as to proxies and the procedure in all things at general meetings and directors' meetings;
 - (c) the declaration and payment of dividends to policyholders;
 - (d) the conduct of the business of the Company;
 - (e) the disposition of all moneys received in respect of the business of the Company, the institutions in which the same shall be deposited, the manner in which the accounts for such deposits shall be kept and managed, and the manner in which withdrawals shall be made from such accounts;
 - (f) the establishment of one or more reserve funds and the control, management, investment and disposition of any such funds, and the purposes for which payments may be made out of any such funds;
 - (g) the management and administration of the Company's property;
 - (h) the investments of the Company;
 - (i) the determination of the premium rates and the matters to be taken into consideration in determining such rates either generally or in respect of any specified class of risk or any specified risk or risks;
 - (j) the maximum amount for which a contract of insurance may be issued, either generally or in respect of any specified class of risk or any specified risk or risks;
 - (k) the reinsurance of any risks in respect of which any contract of insurance has been entered into by the Company;
 - (l) the forms of policies or contracts to be used in insuring any risk;

(m) such other matters and things as may appear to the Board to be requisite or proper for the conduct or regulation of any of the business or affairs of the Company.

18.—(1) The directors may from time to time repeal, amend or re-enact any by-law.

(2) Every by-law and every repeal, amendment or re-enactment of every by-law, unless in the meantime confirmed at a general meeting of the Company duly called for that purpose, shall only have force until the next annual general meeting of the Company, and in default of confirmation thereat shall from the time of such default cease to have any force or effect.

GENERAL.

19. The Provincial Treasurer is authorized to advance to the Company out of the General Revenue Fund the sum of five hundred thousand dollars on such terms and conditions as to repayment or otherwise as may be determined by the Lieutenant Governor in Council.

20. Upon a date to be fixed by the Lieutenant Governor in Council there shall be vested in the Company the entire business and undertaking of the Life Branch of the Alberta Government Insurance Office, and the Company shall thereupon take over and assume all the assets, liabilities, contracts, agencies, office premises, staff and property of whatsoever nature of the said Life Branch.

21. The Province hereby guarantees the payment by the Company of all moneys due or accruing due under any policy of insurance issued by the Alberta Government Insurance Office which is transferred to the Company by this Act.

22.—(1) The directors shall, out of the profits of the Company,—

- (a) pay all instalments of principal and interest owing to the Province in respect of the moneys advanced to the Company pursuant to section 19;
- (b) set aside such sums as they think proper as a reserve or reserves for meeting contingencies, equalizing dividends or for any other purposes.

(2) The Board may, out of the profits of the Company remaining after the provision has been made for reserves and for the payment of all instalments of principal and interest due and owing to the Province from time to time, declare and pay to the participating policy-holders such dividends as appear to the Board to be justified by the profits of the Company.

23. The Company shall maintain separate and distinct accounts, funds and securities in respect of its life insurance business and such funds and securities shall be available only for the protection of the holders of its policies of life insurance, and shall not be liable for the payment of any claims arising from any other class or classes of business which the Company transacts.

24. The provisions of *The Alberta Insurance Act* shall apply to the Company except where the same are varied by or are inconsistent with the provisions of this Act, or where the Lieutenant Governor in Council by order has exempted the Company from compliance with any designated provision of that Act.

25.—(1) The Company may establish a contributory pension scheme for its employees in which case the amounts of the statutory deductions and statutory contributions paid into the Pension Fund or the Superannuation Fund under *The Public Service Pension Act* or *The Superannuation Act* in respect of those employees of the Alberta Government Insurance Office who are transferred to the Company shall be transferred to the Company pension fund and credited to the said employees so transferred.

(2) The Company in lieu of establishing a contributory pension scheme and subject to such modifications and exceptions and upon such terms and conditions as may be ordered by the Lieutenant Governor in Council, may have the provisions of *The Public Service Pension Act* applied to the General Manager and to all other employees of the Company.

26.—(1) In the event that the Government decides to discontinue its participation in the business and undertaking of the Company, it may do so in accordance with the provisions of subsection (2).

(2) In such case, the Lieutenant Governor in Council shall,—

- (a) require the repayment of all moneys advanced to the Company by the Province or require such assurances, undertakings or security from the Company for the repayment of the said moneys on such terms and conditions as may be approved by the Lieutenant Governor in Council; and
- (b) make provision for the election by the participating policy-holders of policy-holders' directors to replace the appointed directors; and
- (c) make provision for the doing of any other matter or thing necessary, advisable or incidental to provide for the continued operation of the Company by the participating policy-holders and to vest full ownership and control of the said Company in the said participating policy-holders;

and upon such date as may be fixed by the Lieutenant Governor in Council, the policy-holders' directors shall assume full control of the Company and its operation, and the Province shall thereupon cease to participate in the business and undertaking of the Company.

27. For the purpose of carrying out the provisions of this Act according to their true intent and of supplying any deficiency therein, the Lieutenant Governor in Council may from time to time make such regulations not inconsistent with this Act as he may deem necessary.

28. This Act shall come into force on the day upon which it is assented to.

FIFTH SESSION
TENTH LEGISLATURE
12 GEORGE VI
1948

BILL

An Act respecting The Life Insurance
Company of Alberta.

Received and read the

First time.....

Second time

Third time.....

HON. MR. HOOKE.
