

No. 82

3rd Session, 15th Legislature, Alberta
14 Elizabeth II

BILL 82

A Bill to amend The Alberta Insurance Act

HON. MR. HOLOWACH

Explanatory Note

1. This Bill will amend chapter 159 of the Revised Statutes.

2. Section 2, clause 15 presently reads:

15. "court" means the Supreme Court of Alberta or a judge thereof;

3. The present section 34, subsection (1) differentiates between companies undertaking different classes of insurance as to the authorized capital required, the amount required to be subscribed and the amount to be paid up. The new subsection (1) will substitute one standard requirement for all except life insurance, which is covered by subsection (2).

4. Section 42, subsection (2) presently reads:

(2) If it appears in the case of an insurer undertaking contracts of life insurance that its policy reserves, and, in the case of any other insurer, that its unearned premiums, in both cases respecting contracts made in the Province that are outstanding, together with any other liabilities in the Province and, where applicable, the amount of unimpaired paid-up capital required under subsection (3) of section 34, exceed its assets in the Province, including the deposit in the hands of the Minister, the assets of the insurer shall be deemed insufficient to justify the continuance of the insurer in business within the meaning of subsection (1), and the Superintendent shall so report to the Minister.

5. Section 94, subsection (5) presently reads:

(5) Every insurer or person doing insurance business in the Province shall forward to the Superintendent on or before the last day of February in each year a statement showing the names of all agents to whom any such insurer or person has paid a commission during the twelve months immediately preceding the fifteenth day of February of that year, and the statement shall be in such form and shall contain such additional information as the Superintendent may require.

BILL

No. 82 of 1966

An Act to amend The Alberta Insurance Act

(Assented to _____, 1966)

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

1. *The Alberta Insurance Act* is hereby amended.
2. Section 2, clause 15 is amended by adding at the end thereof the words "or a District Court or a judge thereof".
3. Section 34 is struck out and the following is substituted:
 34. (1) A licence shall not be granted to a joint stock company other than a Canadian registered company to undertake any class of insurance other than life insurance unless the paid up capital stock of the company is at least one hundred thousand dollars and is unimpaired.
 - (2) A licence shall not be granted to a joint stock company other than a Canadian registered company to undertake life insurance unless the paid up capital stock of the company is at least five hundred thousand dollars and is unimpaired.
4. Section 42 is amended by striking out subsection (2) and by substituting the following:
 - (2) If it appears in the case of an insurer undertaking contracts of life insurance that its policy reserves, and, in the case of any other insurer that its unearned premiums, in both cases respecting contracts made in the Province that are outstanding, together with any other liabilities in the Province, and, where applicable, the amount of paid up capital required under section 34, exceed its assets in the Province, including the deposit in the hands of the Minister, the assets of the insurer shall be deemed insufficient to justify the continuance of the insurer in business within the meaning of subsection (1), and the Superintendent shall so report to the Minister.
5. Section 94, subsection (5) is amended by striking out the words "last day of February" and by substituting the words "thirtieth day of April".

6. Sections 99 and 100 presently read:

99. In the case of all classes of insurance other than life insurance, and in the case of all insurers, the statement shall show as a liability of the insurer eighty per cent of the actual portions of unearned premiums on all business in force on the thirty-first day of December then last past, or eighty per cent of fifty per cent of the premiums written in its policies and received in respect of contracts having one year or less to run and pro rata on those for longer periods.

100. In the case of insurers transacting life insurance the statement shall show as a liability the valuation of outstanding contracts of insurance as according to the standard for valuation of policies of life insurance prescribed by sections 109 to 115 or such higher standard as the insurer may, with the approval of the Superintendent, adopt.

6. Sections 99 and 100 are struck out and the following sections are substituted:

99. With respect to all classes of insurance, other than those to which section 100 applies, the statement of the insurer shall show as a liability of the insurer

- (a) eighty per cent of the actual portions of unearned premiums on all business in force on the thirty-first day of December then last past, or
- (b) eighty per cent of fifty per cent of the premiums written in its policies and received in respect of contracts having one year or less to run and *pro rata* on those for longer periods.

100. (1) This section applies only with respect to life insurance, disability insurance, accidental death insurance, non-cancellable accident insurance and non-cancellable sickness insurance.

(2) The statement of the insurer with respect to the classes of insurance mentioned in subsection (1) shall show as a liability of the insurer the valuation of all unmatured obligations guaranteed under the terms of its contracts and shall also include a reserve for profits ascertained and apportioned for future distribution.

(3) Except for contracts of fraternal societies, the basis of valuation for contracts dependant on life contingencies only shall be according to the standards prescribed by sections 109 to 115.

(4) Notwithstanding subsection (3), an insurer may, with the approval of the Superintendent, adopt

- (a) a standard of valuation which is higher in aggregate for each class of contract than that provided for by subsection (3), or
- (b) a standard of valuation that satisfies the requirements of the *Canadian and British Insurance Companies Act* (Canada).

(5) For contracts dependant on contingencies other than life contingencies only, the basis of valuation shall be such as to place an adequate value on the liabilities thereunder and shall be such that the value of the benefits under each and every contract shall in no case be less than the value placed upon the future premiums.

(6) There shall be included in the annual statement a certificate

- (a) by the actuary of the insurer, or
- (b) by the actuary responsible for the valuation if the insurer has no actuary,

to the effect that the reserves shown in the valuation summary are not less than the reserves required by this section, and in addition that, in his opinion, the reserves make a

7. Section 109 presently reads:

109. (1) The valuation of contracts of life insurance issued by insurers incorporated and licensed under the law of Alberta, except contracts of fraternal societies licensed under this Act, shall be based on the British Offices' Life Tables, 1893, OM (5), with interest at an assumed rate not exceeding three and one-half per cent per annum.

(2) Notwithstanding subsection (1), any such insurer may, with the approval of the Superintendent adopt the American Men Ultimate Table of Mortality AM (5) or Canadian Men's Table CM (5) with interest at an assumed rate not exceeding three and one-half per cent per annum.

8. Section 114 presently reads:

114. Where a contract of life insurance provides for accident or sickness insurance benefits, the Superintendent may prescribe by regulations the basis for valuing such benefits, but no deduction shall be allowed from the basis so fixed under the provisions of section 110, and in the valuation of the life insurance benefits under such contracts the amount of the net annual premium upon which the deduction provided for in the preceding subsections is to be based shall be the net annual premium exclusive of the premium for the accident or sickness benefits.

9. Section 115 presently reads:

115. In the case of annuity contracts, whether immediate or deferred, the valuation basis shall be the British Offices' Select Life Annuity Tables, 1893, or Standard Annuity Table, 1937 (male or female according to the sex of the nominee), with interest at an assumed rate not exceeding three and one-half per cent per annum.

10. Section 117, subsection (1) presently reads:

117. (1) Payments in cash in whole or in part to an agent of an insurer of the amount of a premium or assessment due in respect of a contract issued by the insurer, shall be deemed a payment to the insurer, notwithstanding any condition or stipulation to the contrary.

good and sufficient provision for all unmatured obligations guaranteed under the terms of its contracts.

100a. Notwithstanding anything to the contrary in any special Act or elsewhere, every insurer shall keep separate and distinct accounts of participating and non-participating business.

7. Section 109 is struck out and the following is substituted:

109. For the purpose of subsection (3) of section 100, the standard of valuation of contracts, other than annuity contracts, shall be based on interest at an assumed rate of three and one-half per cent per annum and

- (a) in the case of contracts, other than industrial contracts, the Commissioners 1958 Standard Ordinary Mortality Table (1958 CSO), and
- (b) in the case of industrial contracts, the 1941 Standard Industrial Mortality Table (1941 S I).

8. Section 114 is amended by adding after the word "accident" wherever it occurs the word ", disability".

9. Section 115 is struck out and the following is substituted:

115. In the case of annuity contracts the standard valuation for the purpose of subsection (3) of section 100 shall be based on the 1937 Standard Annuity Table with interest at an assumed rate

- (a) in the case of deferred annuities where the annuity has not yet commenced to be payable, not exceeding three and one-half per cent per annum, and
- (b) in the case of immediate annuities or deferred annuities where the annuity has commenced to be payable,
 - (i) not exceeding four per cent per annum, or
 - (ii) not exceeding such higher rate as seems appropriate to the company and is approved by the Minister, which shall not exceed a rate one-half of one per cent per annum lower than the minimum yield to maturity obtainable at a date not more than three months prior to the valuation date on Government of Canada bonds maturing not earlier than fifteen years after the valuation date.

10. Section 117 is amended by striking out subsection (1) and by substituting the following:

117. (1) Payments to the agent of an insurer, whether in cash or by cheque or in whole or in part, of the amount of a premium or assessment,

11. Section 187, subsection (2a) presently reads:

(2a) Every policy shall contain the name of the insurer, the name of the insured, the name of the person or persons to whom the insurance money is payable, the premium for the insurance, the subject matter of the insurance, the indemnity for which the insurer may become liable, the event on the happening of which the liability is to accrue, and the term of the insurance.

12. Section 375, subsection (1) presently reads:

375. (1) Subject to the provisions of subsection (2), this Part applies to all fraternal societies carrying on the business of life insurance in the Province.

Part VIII provides for the licensing and regulation of fraternal societies that offer insurance to their members.

13. Section 445, subsection (5) presently reads:

(5) The approval and recommendation of the applicant and mentioned in section 447 may be given by the firm, partnership or corporation.

The subsection is revised to clarify its meaning.

14. See note to clause 16 of this Bill.

15. Section 469, subsection (1) presently reads:

469. (1) No person, other than an agent holding a certificate of authority under section 448, shall make any adjustment of loss or damage under any contract of insurance covering property described as being situated in the Province unless he holds an adjuster's certificate from the Superintendent or makes application for such certificate within two days after making a first adjustment.

(a) due in respect of a contract issued by the insurer,
or
(b) that will become due in respect of a contract not
yet issued by the insurer,
shall be deemed a payment to the insurer, notwithstanding
any condition or stipulation to the contrary.

11. Section 187 is amended by striking out subsection
(2a) and by substituting the following:

- (2a) Every policy shall contain
- (a) the name of the insurer,
 - (b) the name of the insured,
 - (c) the name of the person or persons to whom the in-
surance money is payable,
 - (d) the amount or the method of determining the
amount of the premium for the insurance,
 - (e) the subject matter of the insurance,
 - (f) the indemnity for which the insurer may become
liable,
 - (g) the event on the happening of which the liability
is to accrue,
 - (h) the date upon which the insurance takes effect,
and
 - (i) the date it terminates or the method by which that
date is fixed or is to be fixed.

12. Section 375, subsection (1) is amended by striking
out the word "life".

13. Section 445 is amended by striking out subsection
(5) and by substituting the following:

(5) In the case of a salaried employee mentioned in sub-
section (4), the approval and recommendation of the ap-
plicant required by section 447 may be given by the firm,
partnership or corporation.

14. Section 453 is repealed.

15. Section 469, subsection (1) is amended by striking
out the words "or makes application for such certificate
within two days after making a first adjustment".

16. Section 476, subsections (1) and (2) read:

476. (1) If the Superintendent refuses, suspends, or revokes a certificate or licence applied for by or issued to a broker or adjuster he shall state in writing his reasons therefor.

(2) Any person who deems himself aggrieved by the decision of the Superintendent may appeal therefrom to the Minister.

This new section 467a replaces the present section 453 which reads:

453. (1) In deciding whether to grant or refuse an application for a licence or renewal of licence, or whether to cancel an existing licence, the Superintendent may, upon complaint in writing by the applicant or, when he deems it necessary without complaint, nominate an advisory board before which a hearing may be had.

(2) On the board there shall be a representative of insurers and a representative of agents and the Superintendent or his representative, and the decision of the Superintendent rendered after the hearing and on the advice of the board is final and binding upon all parties concerned and is not subject to appeal.

(3) The Superintendent or his representative upon the advisory board shall act as chairman, and if a representative acts on behalf of the Superintendent the representative, for the purposes of his duties in connection with the investigation and hearing, has the same powers as are vested in the Superintendent by section 6.

17. A new section is added to protect the rights of insured persons where the insurance company ceases to carry on business in the Province and the contract is taken over by another company.

18. Commencement of Act.

16. The following section is added after section 476:

476a. (1) In deciding an appeal under subsection (2) of section 476 the Minister may in any case where he considers it proper appoint an advisory board before which a hearing shall be held.

(2) An advisory board shall consist of

(a) a chairman who shall not be the Superintendent or his representative or a person licensed under this Act, and

(b) not less than two and not more than four other persons who shall be persons licensed under this Act.

(3) When the Minister receives a report from an advisory board appointed pursuant to subsection (2) he shall

(a) decide, taking the report into consideration, whether or not the licence should be granted, suspended, cancelled or reinstated, as the case may be, and

(b) direct the Superintendent to act accordingly.

(4) The Minister may pay to members of the advisory board such fees as may be approved by regulation together with such reasonable travelling and other expenses as he considers proper.

17. The following section is added after section 486:

486a. Where under an agreement between

(a) an insurer, in this section called the "continuing insurer", and

(b) another insurer, in this section called the "retiring insurer",

in contemplation of the retiring insurer ceasing to do business in the Province, the continuing insurer assumes liability under contracts of insurance specified in the agreement issued by the retiring insurer and the retiring insurer ceases to carry on business in the Province, an insured or other person entitled to rights under those contracts may enforce the rights as though those contracts had been issued by the continuing insurer.

18. This Act comes into force on the day upon which it is assented to.

No. 82

THIRD SESSION
FIFTEENTH LEGISLATURE
14 ELIZABETH II
1966

BILL

An Act to amend The Alberta
Insurance Act

Received and read the

First time

Second time

Third time

HON. MR. HOLOWACH
