

1973 Bill 87

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Second Session, 17th Legislature, 22 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

**BILL 87**

**The Alberta Insurance Amendment Act, 1973**

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THE MINISTER OF CONSUMER AFFAIRS

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First Reading . . . . .

Second Reading . . . . .

Third Reading . . . . .

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# **BILL 87**

1973

## **THE ALBERTA INSURANCE AMENDMENT ACT, 1973**

*(Assented to , 1973)*

**H**ER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

*1. The Alberta Insurance Act is hereby amended.*

*2. Section 34 is struck out and the following is substituted therefor:*

**34.** (1) After January 1, 1974, a licence shall not be granted initially to a joint stock company, other than a Canadian registered company,

- (a) to undertake life insurance unless the company has a paid up capital and surplus of not less than \$2,000,000, of which not less than \$1,000,000 is paid up capital and not less than \$500,000 is unimpaired surplus, or
- (b) to undertake any class of insurance other than life insurance unless the company has a paid up capital and surplus of not less than \$1,000,000 of which not less than \$500,000 is paid up capital and not less than \$250,000 is unimpaired surplus.

(2) Where a joint stock company, other than a Canadian registered company, is licensed prior to January 1, 1974,

- (a) its licence to undertake life insurance shall not be renewed unless the paid up capital stock of the company is not less than \$500,000 and is unimpaired;
- (b) its licence to undertake any class of insurance other than life insurance shall not be renewed unless the paid up capital stock of the company is not less than \$100,000 and is unimpaired.

*3. Section 61 is amended by striking out the word "Minister" and by substituting therefor the word "Superintendent".*

## **EXPLANATORY NOTES**

**1.** This Bill will amend chapter 187 of the Revised Statutes of Alberta 1970.

**2.** Section 34 presently reads:

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 \$100,000 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 \$500,000 and is unimpaired.

**3.** Section 61 presently reads:

61. Where any insurer desires to substitute other securities for securities deposited, the Minister may permit the substitution to be made.

*4. Section 62 is struck out and the following is substituted therefor:*

**62.** (1) An insurer that has made a deposit under this Act is entitled to withdraw it with the consent of the Superintendent whenever it is made to appear to the Superintendent that the insurer is carrying on its business of insurance as a Canadian registered company.

(2) If at any time it appears that an insurer has on deposit with the Minister under this Act a sum in excess of the prescribed amount, the Superintendent, upon being satisfied that the interest of the insurer's policy-holders in Alberta will not be prejudiced thereby and upon giving such notice in *The Alberta Gazette* and taking such other precaution as he considers expedient, may authorize the withdrawal of the amount of the excess or such portion thereof as he considers advisable.

(3) Notwithstanding subsection (2), the Superintendent may authorize the withdrawal without giving notice.

*5. Section 94 is amended*

(a) *as to subsection (2) by adding after clause (g) the following clause:*

(g1) the bonds, debentures and other securities issued or guaranteed by Inter-American Development Bank or by Asian Development Bank, if the bonds, debentures or other securities are payable in the currency of Canada, the United Kingdom, any member of the Commonwealth or the United States of America;  
or

(b) *by striking out subsection (10).*

*6. The following section is added after section 94:*

**94.1** (1) An insurer shall not knowingly make an investment, other than a loan on the security of a policy of life insurance issued by it,

(a) by way of a loan to

(i) a director or officer of the insurer, or a spouse or child of such director or officer, or

(ii) an individual, his spouse or any of his children under 18 years of age if either the individual or a group consisting of the individual, his spouse and such children is a substantial shareholder of the insurer;

(b) in a corporation that is a substantial shareholder of the insurer;

(c) in a corporation in which

**4. Section 62 presently reads:**

62. (1) An insurer that has made a deposit under this Act is entitled to withdraw it with the sanction of the Minister whenever it is made to appear to the Minister that the insurer is carrying on its business of insurance as a Canadian registered company.

(2) If at any time it appears that an insurer has on deposit with the Minister under this Act a sum in excess of the prescribed amount, the Minister, upon being satisfied that the interest of the insured policyholders in this Province will not be prejudiced thereby, and upon giving such notice in *The Alberta Gazette* and taking such other precaution as he deems expedient, may authorize the withdrawal of the amount of the excess or such portion thereof as he deems advisable.

(3) Notwithstanding subsection (2), the Minister may authorize the withdrawal without giving notice.

**5. (a) The new clause (g1) permits an insurance company incorporated in Alberta to invest in securities issued by the banks mentioned therein.**

**(b) Section 94, subsection (10) presently reads:**

(10) 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.

**6. Prohibited loans and investments.**

- (i) an individual mentioned in clause (a), subclause (i), or
- (ii) an individual who is a substantial shareholder of the insurer, or
- (iii) another corporation that is a substantial shareholder of the insurer, or
- (iv) a group consisting exclusively of individuals mentioned in clause (a), subclause (i),  
has a significant interest.

(2) An insurer shall not knowingly retain an investment mentioned in subsection (1).

(3) For the purpose of this section,

- (a) a person has a significant interest in a corporation, or a group of persons has a significant interest in a corporation, if
  - (i) in the case of a person, he owns beneficially, either directly or indirectly, more than 10 per cent, or
  - (ii) in the case of a group of persons, they own beneficially, either individually or together and either directly or indirectly, more than 50 per cent,  
of the shares of the corporation for the time being outstanding;
- (b) a person is a substantial shareholder of a corporation or a group of persons is a substantial shareholder of a corporation if that person or group of persons owns beneficially, either individually or together and either directly or indirectly, equity shares to which are attached more than 10 per cent of the voting rights attached to all of the equity shares of the corporation for the time being outstanding, and in computing the percentage of voting rights attached to equity shares owned by an underwriter, there shall be excluded the voting rights attached to equity shares acquired by him as an underwriter during the course of distribution to the public by him of such shares;
- (c) "equity share" means any share of any class of shares to which are attached full or limited voting rights and a share of any class to which are attached voting rights by reason of the occurrence of any contingency that has occurred and is continuing;
- (d) "investment" means
  - (i) an investment in a corporation by way of purchase of bonds, debentures, notes or other evidences of indebtedness thereof or shares thereof, or



- (ii) a loan to a person or persons,  
but does not include any normal working balance between an insurer and any other corporation transacting the business of insurance or any advance or loan that is merely ancillary to the main business of the insurer;
  - (e) "officer" means only the president, a vice-president, the secretary, the treasurer, the manager, the controller and the actuary of an insurer and any other person designated as an officer of the insurer by by-law or by resolution of the directors thereof.
- (4) For the purposes of this section, where a person or a group of persons owns beneficially, directly or indirectly, or is deemed by this subsection to own beneficially, shares of a corporation, that person or group of persons shall be deemed to own beneficially that portion of the shares of any other corporation that is owned beneficially, directly or indirectly, by the first-mentioned corporation, that is equal to the proportion of the shares of the first-mentioned corporation that is owned beneficially, directly or indirectly, or is deemed by this subsection to be owned beneficially, by that person or group of persons.
- (5) Where any person or group of persons is a substantial shareholder of an insurer and, as a consequence thereof and of the application of this section, certain investments are prohibited for the insurer, the Minister may, on the advice of the Superintendent, and on application by the insurer, exempt from such prohibition any particular investment or investments of any particular class if he is satisfied
- (a) that the decision of the insurer to make or hold any investment so exempted has not been and is not likely to be influenced in any significant way by that person or group, and does not involve in any significant way the interests of that person or group apart from their interests as a shareholder of the insurer, and
  - (b) that the investment is to be made under the power granted to the insurer under this Part.
- (6) Any order of exemption made by the Minister under subsection (5) may contain any conditions or limitations considered by the Minister to be appropriate and may be revoked by the Minister at any time.





*7. Section 106 is amended*

- (a) as to subsection (1) by striking out clause (b) and by substituting therefor the following:*
  - (b) "investments" means bonds, debentures, evidences of indebtedness, securities, obligations, certificates, shares, mortgages, ground rents, hypothecs, leaseholds and real estate enumerated in section 94, subsection (2);*
- (b) as to subsection (3), by striking out the word "securities" wherever it occurs and by substituting therefor the word "investments",*
- (c) as to subsection (4), by striking out the word "securities" and by substituting therefor the word "investments",*
- (d) as to subsection (5), by striking out the word "securities" wherever it occurs and by substituting therefor the word "investments",*
- (e) by striking out subsection (6) and by substituting therefor the following subsections:*

*(6) The percentage limit specified in section 94, subsection (8) does not apply to common shares in a segregated fund of a company and in the application of that limit to the company as a whole the assets in its segregated funds shall not be taken into account.*

*(7) The percentage limit specified in section 94, subsection (9) does not apply to real estate and leaseholds in a segregated fund of a company and in the application of that limit to the company as a whole the assets in its segregated funds shall not be taken into account.*

*(8) The percentage limit specified in section 94, subsection (2), clause (o), subclause (iii) applies to each separate and distinct segregated fund as if the total assets of each such fund were the total assets of the company and in the application of that limit to the company as a whole the assets in its segregated funds shall not be taken into account.*

*(9) The percentage limit specified in section 94, subsection (15), clause (b) applies to each separate and distinct segregated fund as if the total assets of each such fund were the total assets of the company and in the application of that limit to the company as a whole the assets in its segregated funds shall not be taken into account.*

*(10) The Lieutenant Governor in Council may make regulations prescribing the maximum amount that a company may invest in any class of investments for a segregated fund.*

**7. Section 106 presently reads:**

106. (1) In this section,
- (a) "company" means a provincial company licensed for the transaction of life insurance under this Act;
  - (b) "securities" means bonds, debentures, evidences of indebtedness, securities, obligations, certificates and shares enumerated in section 94, subsection (2), clauses (a) to (1);
  - (c) "segregated fund" means a separate and distinct fund maintained pursuant to subsection (2).
- (2) Where a company issues life insurance policies under which all or part of its liabilities thereunder, and the reserves therefor to be included in its annual statement pursuant to section 104, vary in amount depending upon the market value of a specified group of assets, the company shall maintain in respect of those policies one or more separate and distinct funds with separate assets for each fund.
- (3) A company, if authorized by its by-laws, may create or add to segregated funds by transfers of money or securities or both from the shareholders' fund, but as to all segregated funds of the company the amounts of such transfers, taking the value of any securities so transferred at their market value at the date of transfer, shall not exceed in the aggregate the lesser of
- (a) \$100,000, or
  - (b) 5 per cent of the amount by which the company's assets exceed its liabilities,
- and moneys and securities so transferred shall not be included in the assets of the company for the purposes of section 43 while they remain in the segregated fund.
- (4) A segregated fund shall at all times consist of money or securities or both.
- (5) A segregated fund is available only to meet the liabilities arising under the policies in respect of which the segregated fund is maintained, except that moneys or securities in the segregated fund may, at the discretion of the directors but subject to the approval of the Superintendent, be withdrawn from the segregated fund and returned to the shareholders' fund but the amount of money and the market value of any securities when so withdrawn shall not exceed in the aggregate the proportionate interest of the shareholders in the segregated fund.
- (6) The percentage limit specified in section 94, subsection (8) does not apply to common shares in the segregated funds of a company and in the application of that limit to the company as a whole the common shares in its segregated funds shall not be taken into account.

*8. Section 212 is amended by adding after subsection (2) the following:*

(3) No resident agent holding a certificate of authority shall give any power of attorney to persons residing within Alberta for the purpose of countersigning contracts pursuant to section 211, unless that person is licensed as an agent or employee under Part 16.

*9. Section 216 is amended by striking out subsections (2), (3) and (4).*

*10. The following sections are added after section 216:*

**216.1** (1) In this section, section 216.2 and section 216.3, "variable life insurance policy" means a life insurance policy for which all or part of the insurer's liability thereunder, and the reserves therefor to be included in the insurer's annual statement pursuant to section 104, vary in amount depending upon the market value of a specific group of assets.

(2) An insurer shall not issue a variable life insurance policy unless the insurer

(a) files with the Superintendent, not less than 30 days before offering to undertake any insurance of that kind, the form of the policy, the form of the application for the policy, the form of all endorsements and riders to be used in connection with the policy, all advertising material to be issued or used by the insurer in connection with the insurance, an information folder pertaining to the insurance and such other material as may be required by the Superintendent, and

(b) the Superintendent has issued to the insurer a receipt for the items filed.

(3) The information folder shall provide brief and plain disclosure of all material facts relating to the contract evidenced by the variable life insurance policy and shall contain a certificate to that effect signed by the chief executive officer and the chief financial officer of the insurer or such other person as the Superintendent may require.

(4) An application for a contract evidenced by a variable life insurance policy shall not be accepted by an insurer until the insurer has delivered to the applicant therefor a copy of the latest information folder relating thereto that is on file with the Superintendent.

(5) So long as an insurer continues to issue variable life insurance policies in respect of which it has filed an information folder, it shall,

(a) forthwith after the occurrence of any material change in the contract or in any other facts set out in the latest information folder so filed, and

**8.** Prohibits the inferred power of a licensed agent to give power of attorney to an unlicensed person.

**9. Section 216 presently reads:**

**216.** (1) The Superintendent may require an insurer to file with him a copy of any form of policy or of the form of application for any policy or of any endorsement or rider or advertising material issued or used by the insurer.

(2) Every insurer that issues or proposes to issue life insurance policies under which all or part of its liabilities thereunder, and the reserves therefor to be included in its annual statement pursuant to section 104, vary in amount depending upon the market value of a specified group of assets shall, at least 30 days before offering to undertake any insurance of that kind, file with the Superintendent the form of the policy, the form of the application for the policy, the form of all endorsements and riders to be used in connection with the policy, and all advertising material to be issued or used by the insurer in connection with the sale of that kind of policy.

(3) The Superintendent shall report to the Minister any case where an insurer issues any policy or uses an application, or endorsement or rider or advertising material that in the opinion of the Superintendent is unfair, fraudulent, unduly restrictive or not in the public interest, and the Minister may, if he concurs in the report, order the Superintendent to prohibit the insurer from issuing or using that form of policy or application or endorsement or rider or advertising material, as the case may be.

(4) Any insurer that, after being so prohibited, issues any such policy, or endorsement or rider, or uses any such application, or advertising material, as the case may be, is guilty of an offence.

(5) This section applies to contracts of life insurance.

**10. Self-explanatory.**

(b) within 13 months after the date of filing of the latest information folder so filed, or such other period of time as may be ordered by the Minister, file with the Superintendent a new information folder in respect thereof.

**216.2** (1) The Superintendent shall report to the Minister any case where an insurer issues any life insurance policy or any variable life insurance policy or any policy other than a type of life insurance policy or uses an application, endorsement, rider, advertising material or information folder that in the opinion of the Superintendent is unfair, fraudulent, unduly restrictive or not in the public interest, and the Minister may, if he concurs in the report, order the Superintendent to prohibit the insurer from issuing or using that form of policy, application, endorsement, rider, advertising material or information folder, as the case may be.

(2) Any insurer that, after being so prohibited, issues any such policy, or endorsement or rider, or uses any such application, or advertising material or information folder, as the case may be, is guilty of an offence.

**216.3** The Lieutenant Governor in Council may make regulations providing for the form and content or either of a life insurance policy, of a variable life insurance policy, of an application for a life insurance policy or a variable life insurance policy, of an endorsement or rider to a policy, of any advertising material, or of an information folder issued or used by an insurer.

*11. Section 282 is amended by striking out clause (b) and by substituting the following therefor:*

(b) "insured" means a person insured by a contract whether named or not and includes any person who is stated in a contract to be entitled to benefits payable under the insurance mentioned in section 300.1 whether described therein as an insured person or not.

*12. Section 295 is amended by striking out subsection (2).*

*13. The following section is added after section 295:*

**295.1** Liability arising from contamination of property carried in an automobile shall be deemed not to be liability arising from the ownership, use or operation of that automobile.

*14. Section 300 is amended*

(a) *by striking out subsection (1) and by substituting the following therefor:*

**11. Section 282, clause (b) presently reads:**

282. In this Part,

(b) "insured" means a person insured by a contract whether named or not.

**12. Section 295, subsection (2) presently reads:**

(2) Liability arising from contamination of property carried in an automobile shall not be deemed to be liability arising from the ownership, use or operation of that automobile.

**13. Subsection (2) of section 295 has been struck out and re-enacted as section 295.1 so that it will become a separate and independent section.**

**14. Section 300, subsections (1), (2) and (3) presently read:**

300. (1) Every contract evidenced by a motor vehicle liability policy insures, in respect of any one accident, to the limit of at least \$35,000, exclusive of interest and costs, against liability resulting from bodily injury to or the death of one or more persons and loss of or damage to property.

(2) The contract shall be interpreted to mean that where, by reason of any one accident, liability results from bodily injury or death and from loss of or damage to property,

(a) claims against the insured arising out of bodily injury or death have priority to the extent of \$30,000 over claims arising out of loss of or damage to property, and

(b) claims against the insured arising out of loss of or damage to property have priority to the extent of \$5,000 over claims arising out of bodily injury or death.

(3) The insurer may, instead of specifying a limit in the policy for an inclusive amount, specify a limit of liability of at least \$35,000, exclusive of interest and costs, against liability resulting from bodily injury to or the death of one or more persons and a limit of liability of at least \$35,000, exclusive of interest and costs, against liability for loss of or damage to property.

**300.** (1) Every contract evidenced by a motor vehicle liability policy issued or renewed on or after January 1, 1974 insures, in respect of any one accident, to the limit of at least \$50,000 exclusive of interest and costs, against liability resulting from bodily injury to or the death of one or more persons and loss of or damage to property.

- (b) *as to subsection (2), clause (a), by striking out the figure “\$30,000” and by substituting therefor the figure “\$45,000”,*
- (c) *as to subsection (3) by striking out the figure “\$35,000” wherever it appears and by substituting therefor the figure “\$50,000”.*

*15. The following section is added after section 358:*

**358.1** Where a policy issued after January 1, 1974 includes provision for disability benefits to be payable only during confinement of the insured, the provision does not bind the insured and the benefits in respect of disability under the policy during the disability are payable regardless of whether the insured is confined or not.

*16. Section 376, subsection (1) is amended by striking out the number “360” and by substituting therefor the number “374”.*

*17. Section 515 is struck out and the following is substituted therefor:*

**515.** In this Part

- (a) “amalgamation” means an amalgamation in accordance with section 517.1 and “amalgamate” has a corresponding meaning;
- (b) “reinsurance” means an agreement by which contracts made in Alberta by a licensed insurer or any class or group thereof are undertaken or reinsured by another insurer either by novation, transfer or assignment.

*18. Section 517 is amended by striking out subsection (1) and by substituting the following therefor:*

**517.** (1) An insurer incorporated by an Act of the Province and licensed under this Act may

- (a) amalgamate with one or more insurers incorporated by an Act or Acts of the Province in accordance with this Part and continue as one insurer, or
- (b) transfer its contracts of insurance to or reinsure them with any other insurer, or



**15.** Self explanatory.

**16.** Corrects a cross-reference.

**17.** Section 515 presently reads:

515. In this Part the expression "reinsurance" means an agreement by which contracts made in the Province by a licensed insurer or any class or group thereof are undertaken or reinsured by another insurer either by novation, transfer, assignment or as a result of amalgamation of the insurers.

**18.** Section 517, subsection (1) presently reads:

517. (1) Any insurer incorporated by an Act of the Province and licensed under this Act may

- (a) amalgamate its property and business with those of any other insurer, or
- (b) transfer its contracts of insurance to or reinsure them with any other insurer, or
- (c) transfer its property and business or any part thereof to any other insurer,

and such insurers are hereby authorized, upon compliance with the conditions hereinafter set out, to enter into all contracts and agreements necessary to amalgamation, transfer or reinsurance.

(c) transfer its property, business and assets or any of them, in whole or in part to any other insurer, and such insurers are hereby authorized, upon compliance with the provisions of this Part to enter into all contracts and agreements necessary to amalgamation, transfer or reinsurance.

*19. The following section is added after section 517:*

**517.1** (1) Two or more insurers incorporated by Acts of the Province proposing to amalgamate may enter into an amalgamation agreement, which shall prescribe the terms and conditions of the amalgamation and the mode of carrying the amalgamation into effect.

(2) The amalgamation agreement shall set out

- (a) the name of the amalgamated insurer,
- (b) the place within Alberta at which the head office of the amalgamated insurer is to be situated,
- (c) the amount of the capital stock of the amalgamated insurer, the division thereof into shares and the par value of the shares,
- (d) the names, occupations and places of residence of the first directors of the amalgamated insurer,
- (e) the objects of the amalgamated insurer,
- (f) the by-laws of the amalgamated insurer or that the by-laws of one of the amalgamating insurers are to be adopted as the by-laws of the amalgamated insurer,
- (g) the manner of converting the issued and unissued shares of each of the amalgamating insurers into shares of the amalgamated insurer, and
- (h) such other details as may be necessary to perfect the amalgamation and to provide for the subsequent management and working of the amalgamated insurer.

(3) There shall be filed with the Superintendent

- (a) the amalgamation agreement;
- (b) certified copies of the statement of assets and liabilities of the insurers being amalgamated;
- (c) certified copies of the actuarial or other reports upon which the amalgamation is founded;
- (d) a declaration under the hands of the president and manager of each of the insurers that are being amalgamated that to the best of their knowledge and belief every payment made or to be made to any person whomsoever on account of the amalgamation, is therein fully set out and that no other payments beyond those set out have been made or

**19. Procedure for amalgamation.**

are to be made either in money, contracts of insurance, bonds, valuable securities or other property, by or with the knowledge of any of the parties to the amalgamation;

(e) such other information as the Superintendent may require.

(4) Upon the documents and information required under subsection (3) being filed, the Minister may issue to the amalgamating insurers a certificate

(a) prescribing the amounts of paid up capital and unimpaired surplus that the proposed amalgamated insurer will require before an order may be made under subsection (11), and

(b) authorizing the amalgamated insurers to make an application to the Supreme Court of Alberta in accordance with subsection (6).

(5) The amalgamation agreement shall be submitted to the shareholders of each of the amalgamating insurers at special general meetings thereof called for the purpose of considering the adoption of the agreement and if at each meeting the shares voted in favour of adopting the amalgamation agreement represent at least two-thirds of the subscribed and issued capital stock of the insurer held by those shareholders entitled to vote on the question of the adoption at the time the vote is taken,

(a) the secretary of each of the amalgamating insurers shall certify that fact under the corporate seal thereof, and

(b) the amalgamation agreement shall be deemed to have been adopted by each of the amalgamating insurers.

(6) Where the amalgamation agreement is deemed to have been adopted and where a certificate has been issued under subsection (4), the amalgamating insurers may apply to the Supreme Court of Alberta by way of petition for an order approving the amalgamation agreement.

(7) Unless the Supreme Court of Alberta otherwise directs, each amalgamating insurer shall notify each of its dissentient shareholders, in such manner as the Court may direct, of the time and place when the petition for the approving order will be made.

(8) Unless the Supreme Court of Alberta otherwise directs, notice of the time and place of the hearing of the petition for the approving order shall be given to the creditors of an amalgamating insurer in such manner as the Court may direct.

(9) Upon the application, the Supreme Court of Alberta shall hear and determine the matter and may approve the amalgamation agreement as presented or may approve it



subject to compliance with such terms and conditions as it thinks fit, having regard to the rights and interests of all parties including the dissentient shareholders and creditors.

(10) The Superintendent after being satisfied that

- (a) all appeals taken by any person who opposed the petition for the approving order have been concluded and that the approving order has been upheld on the appeal, or
- (b) the time for commencing an appeal from the approving order has expired without an appeal having been commenced, or
- (c) all persons having a right to appeal from the approving order have indicated to him in writing their intention not to appeal,

shall make a report to that effect to the Minister.

(11) After the Minister

- (a) has received the Superintendent's report, and
- (b) has been satisfied that the proposed amalgamated insurer will have the amount of paid up capital and unimpaired surplus as set forth on the certificate issued under subsection (4),

the Lieutenant Governor in Council, on the recommendation of the Minister, may make an order for the amalgamation of the amalgamating insurers, the body of which shall be in the form prescribed in Schedule B.

(12) An order made under subsection (11) shall be deemed to be the Act of incorporation of the amalgamated insurer.

(13) *The Regulations Act* applies to an order of the Lieutenant Governor in Council under subsection (11).

(14) On and from the effective date of the order of the Lieutenant Governor in Council under subsection (11),

- (a) the amalgamating insurers are amalgamated and continued as one insurer,
- (b) the amalgamated insurer possesses all the property, rights and privileges and is subject to all the liabilities, contracts and debts of each of the amalgamating insurers,
- (c) the special Act or Acts which incorporated the amalgamating insurers cease to be in force,
- (d) any licences issued under this Act to the amalgamating insurers shall be deemed to be licences issued to the amalgamated insurer, and
- (e) the by-laws of the amalgamated insurer shall be the by-laws provided for in the amalgamation agreement or the by-laws of an amalgamating insurer adopted by the amalgamation agreement, as the case may be.



(15) On and from the effective date of the order of the Lieutenant Governor in Council under subsection (11)

- (a) where an amalgamating insurer is referred to in a document registered, filed, lodged or deposited by or with a registrar and being uncanceled or undischarged as of the effective date of the order, the document shall thereafter be dealt with by the registrar as though the document named the amalgamated insurer instead of the amalgamating insurer, without the necessity of filing a copy of the order or any other document, or of making any entry in the registrar's records or of paying any fee to the registrar,
- (b) an instrument naming or appointing an amalgamating insurer in any capacity shall be read, construed and enforced as if the amalgamated insurer was so named or appointed therein, and the amalgamated insurer has, in respect of the instrument, the same rights, obligations and status as the amalgamating insurer had, and
- (c) all trusts of every kind and description, including incomplete or inchoate trusts, and every duty assumed by or binding upon each of the amalgamating insurers are vested in and bind and may be enforced against the amalgamated insurer as fully and effectively as if it had been originally named or appointed in the instrument creating the trust or duty.

(16) In subsection (15),

- (a) "instrument" includes
  - (i) an agreement, transfer, assignment, mortgage, policy, encumbrance, charge or certificate of title, or certificate of registration,
  - (ii) a judgment, order, direction or appointment of any court, judge or other constituted authority,
  - (iii) any pleading, notice or document in an action or other proceeding in a court,
  - (iv) any document registered, filed, lodged or deposited by or with a registrar,
  - (v) any will, codicil or other document having effect on the death of any person, and
  - (vi) a settlement, trust deed or any other document creating a trust,and
- (b) "registrar" means the Registrar of Titles under *The Land Titles Act*, the registrar of the Central Registry, the registration clerk of the Motor Vehicle Branch of the Department of Highways and Transport, a mining recorder, a Minister of the Crown,





the Superintendent, a clerk of the court or the chief officer of any registry established by or pursuant to an Act of the Legislature.

*20. Section 518 is amended by striking out the word "amalgamation,".*

*21 Section 519 is amended by striking out the words "an amalgamation, transfer" and by substituting therefor the words "a transfer".*

*22. Section 520 is amended*

- (a) by striking out the words "When the application is made" and by substituting therefor the words "Where an application is made under section 518", and*
- (b) by striking out the word "amalgamation," wherever it occurs.*

*23. Section 521 is struck out and the following is substituted therefor:*

**521. Before**

- (a) the Lieutenant Governor in Council makes an order for an amalgamation pursuant to section 517.1, subsection (11), or*
- (b) the Minister sanctions the*
  - (i) transfer of an insurer's contracts of insurance to another insurer, or*
  - (ii) reinsurance of an insurer's contracts of insurance with another insurer, or*
  - (iii) the transfer of an insurer's property, business and assets or any of them in whole or in part to another insurer,*

the Minister may direct the Superintendent to examine into and report to him with reference to the general affairs of the interested insurers, and the certificate of the Superintendent approved of by the Minister is conclusive as to the expenses to be paid by the insurers in respect thereof.

*24. Section 522 is struck out and the following is substituted therefor:*

**522. No insurer shall be permitted to**

- (a) transfer its contracts of insurance to or reinsure them with any other insurer, or*
- (b) transfer its property, business and assets or any of them, in whole or in part to any other insurer,*  
unless the paid up capital and the unimpaired surplus of the proposed continuing insurer after the transfer, rein-

**20.** Deletes reference to amalgamation.

**21.** Deletes reference to amalgamation.

**22.** Deletes reference to amalgamation.

**23.** Section 521 presently reads:

521. Before the amalgamation, transfer, reinsurance or purchase is sanctioned by the Minister, he may instruct the Superintendent to examine into and report to him with reference to the general affairs of the interested insurers, and the certificate of the Superintendent approved of by the Minister is conclusive as to the expenses to be paid by the insurers in respect thereof.

**24.** Section 522 presently reads:

522. No insurer shall be permitted to amalgamate its business with, transfer its business to, reinsure its business in, or purchase and take over the business and property, or any portion thereof, of, any other insurer if the capital of the combined insurers after the amalgamation or of the continuing insurer after the transfer, reinsurance or purchase will be impaired.

insurance or purchase will be in amounts which are approved by the Minister.

25. *Section 523 is struck out and the following is substituted therefor:*

**523. No insurer shall**

- (a) transfer its contracts of insurance to or reinsure them with any other insurer, or
  - (b) transfer its property, business and assets or any of them, in whole or in part to any other insurer,
- unless the transfer, reinsurance or purchase is sanctioned by the Minister in accordance with the provisions of this Act.

26. *The following Schedule is added after Schedule A:*

**SCHEDULE B**

(Section 517.1)

**ORDER AMALGAMATING PROVINCIAL  
INSURANCE COMPANIES**

1. This order may be cited as "*The (name of amalgamated company) Amalgamation Order*".

2. *(Names of amalgamating insurers)* are hereby amalgamated and continued as one company with the name "*(name of amalgamated insurers)*", hereinafter called "the company".

3. The capital stock of the company shall be \$....., divided into ..... shares of \$..... each.

4. The paid up capital of the company shall be not less than \$..... and the unimpaired surplus shall be not less than \$.....

5. The head office of the company shall be in the ..... of ..... in the Province of Alberta.

6. The company has all the powers, privileges and immunities conferred by, and is subject to the limitations and provisions of *The Alberta Insurance Act*.

7. The company is hereby empowered to: *(set forth the objects of the company)*.

8. This order comes into force on the ..... day of ....., 19.....

27. (1) *This Act, except section 7, comes into force on the day upon which it is assented to.*

(2) *Section 7 comes into force on a date or dates to be fixed by Proclamation.*

**25. Section 523 presently reads:**

523. No insurer shall amalgamate with another insurer, or transfer its business to, reinsure its business in, or purchase and take over the business and property, or any part thereof, of, another insurer unless the amalgamation, transfer, reinsurance or purchase is sanctioned by the Minister in accordance with the provisions of this Act.

**26. Form of order to be used in connection with an amalgamation under section 517.1.**