

1996 BILL 21

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Fourth Session, 23rd Legislature, 45 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# **BILL 21**

**FINANCIAL INSTITUTIONS STATUTES  
AMENDMENT ACT, 1996**

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THE PROVINCIAL TREASURER

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First Reading .....

Second Reading .....

Committee of the Whole .....

Third Reading .....

Royal Assent .....

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## BILL 21

1996

### FINANCIAL INSTITUTIONS STATUTES AMENDMENT ACT, 1996

(Assented to \_\_\_\_\_, 1996)

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

#### Insurance Act

Amends RSA  
1980 c1-5

*1(1) The Insurance Act is amended by this section.*

*(2) The following is added after section 1:*

Exemption of  
certain  
contracts

**1.1(1)** The Lieutenant Governor in Council may make  
regulations exempting from the application of this Act

- (a) a specific contract of insurance,
- (b) any type of contract of insurance that indemnifies a  
person who has an interest in a product against the  
product's malfunction, failure or breakdown, or
- (c) contracts of insurance issued by a specified person  
or class of persons who operate on a non-profit  
basis.

**(2)** The regulations may impose terms and conditions on an  
exemption.

*(3) Section 17 is amended*

*(a) in subsection (1)*

- (i) by striking out "or chief agency in Alberta of every  
licensed insurer other than a Canadian authorized  
company or a company as to which he adopts the  
inspection of another government" and substituting*

## **Explanatory Notes**

### **Insurance Act**

**1**(1) Amends chapter I-5 of the Revised Statutes of Alberta 1980.

(2) Exemption of certain contracts.

(3) Section 17 presently reads:

*17(1) At least annually the Superintendent shall visit personally or cause a qualified member of his staff or other person authorized by the Superintendent to visit, the head office or chief agency in Alberta of every licensed insurer other than a Canadian authorized company or a company as to which he adopts the inspection of another government, and he shall*

“of every provincial company carrying on business in Alberta”;

(ii) *in clause (a) by striking out “insurer” and substituting “provincial company”;*

(b) *by repealing subsection (2);*

(c) *in subsection (3) by striking out “insurer shall cause the books and records of the insurer” and substituting “provincial company shall cause the books and records of the company”;*

(d) *by repealing subsection (4) and substituting the following:*

**(4)** The Superintendent, with the approval of the Minister, may require a provincial company carrying on business in Alberta to produce the books and records of the company at the head office of the company or at some other convenient place that the Superintendent directs.

(e) *in subsection (5)*

(i) *by striking out “of any insurer” and substituting “of a provincial company carrying on business in Alberta”;*

(ii) *by striking out “the insurer” and substituting “the company”;*

(f) *in subsection (6) by striking out “an insurer” and substituting “a provincial company”.*

(4) *Section 19 is amended*

(a) *in subsection (1)*

(i) *by striking out “the several insurers” and substituting “provincial companies”;*

(ii) *by striking out “, or by their Acts of incorporation”;*

(b) *in subsection (2)*

(i) *by striking out “by the insurers” and substituting “by the provincial companies”;*

*insurer sued under this Act, and*

- (b) make any inquiries necessary to ascertain its condition and ability to provide for the payment of its contracts as they mature and whether or not it has complied with all the provisions of this Act applicable to its transactions,*

*and the Superintendent shall report thereon to the Minister as to all matters requiring his attention and decision.*

*(2) When the head office of an insurer is not in Alberta and the Superintendent considers it necessary and expedient to make a further examination into the affairs of the insurer and so reports to the Minister, the Minister may, in his discretion, instruct the Superintendent to visit the head office of the insurer to inspect and examine its affairs and to make any further inquiries the Minister requires.*

*(3) The officers or agents of the insurer shall cause the books and records of the insurer to be opened for the inspection of the Superintendent and shall otherwise facilitate his examination so far as it is in their power.*

*(4) In order to facilitate the inspection of the books and records of an insurer the insurer may be required by the Superintendent, with the approval of the Minister, to produce the books and records at the head office or chief agency of the insurer in Alberta or at some other convenient place that the Superintendent directs, and any officer of the insurer who has custody of the books and records is entitled to be paid by the insurer for the actual expenses of attendance.*

*(5) The Superintendent, with the approval of the Minister, may cause abstracts to be prepared of the books and vouchers and a valuation to be made of the assets or liabilities of any insurer, and the cost thereof on the certificate of the Superintendent, approved by the Minister, shall be paid by the insurer.*

*(6) On the certificate of the Superintendent, approved by the Minister, an insurer shall pay the account in connection with an examination made under this section.*

(4) Section 19 presently reads:

*19(1) In his annual report prepared for the Minister the Superintendent shall allow as assets only those of the investments of the several insurers that are authorized by this Act, or by their Acts of incorporation.*

*(2) In his report the Superintendent shall make all necessary corrections in the annual statements made by the insurers as provided in this Act, and is at liberty to allow or disallow any asset other than an investment authorized by law or to increase or diminish the liabilities of the insurers to the true and correct amounts thereof as ascertained by him in the examination of their affairs at the head office thereof or otherwise.*

- (ii) *by striking out “of the insurers” and substituting “of the companies”;*
- (c) *by repealing subsections (3) to (5).*

*(5) Despite the repeal of section 19(3) to (5), the powers of the Superintendent and other matters in those subsections continue to apply to investments acquired after April 7, 1926 and before those subsections were repealed.*

*(6) Section 20 is amended*

*(a) in subsection (1)*

- (i) by striking out “by all insurers, that the value placed by any insurer, incorporated or licensed in Alberta,” and substituting “by provincial companies, that the value placed by a provincial company”;*
- (ii) by striking out “the insurer” wherever it occurs and substituting “the company”;*

*(b) in subsection (3)*

- (i) by striking out “funds of the insurer” and substituting “funds of the provincial company”;*
- (ii) by striking out “books of the insurer” wherever it occurs and substituting “books of the company”.*

*(3) The Superintendent may request any provincial insurer to dispose of and realize any of its investments acquired after April 7, 1926, and not authorized by this Act, and the insurer shall within 60 days after receiving the request absolutely dispose of and realize the investments.*

*(4) If the amount realized falls below the amount paid by the insurer for the investments the directors of the insurer are jointly and severally liable for the payment to the insurer of the amount of the deficiency.*

*(5) Notwithstanding subsection (4), if any director present when any such investment is authorized does forthwith, or if any director then absent does within 8 days after he becomes aware of the investment, give notice of his protest by registered letter to the Superintendent, he may thereby, and not otherwise, exonerate himself from liability.*

(5) Transitional.

(6) Section 20 presently reads:

*20(1) If it appears to the Superintendent, or if he has any reason to suppose, from the annual statements prepared and delivered to him by all insurers, that the value placed by any insurer, incorporated or licensed in Alberta, on the real estate owned by it or any parcel thereof is too great, he may*

*(a) require the insurer to secure an appraisalment of the real estate by one or more competent valuers, or*

*(b) himself procure an appraisalment at the expense of the insurer,*

*and the appraised value, if it varies materially from the statement or return made by the insurer, may be substituted in the annual report of the Superintendent.*

*(2) In like manner, if it appears to the Superintendent or if he has any reason to suppose that the amount secured by mortgage on any parcel of real estate, together with the interest due and accrued thereon, is greater than the value of the parcel, or that the parcel is not sufficient for the loan and interest, he may procure an appraisalment thereof, and if from the appraised value it appears that the parcel of real estate is not adequate security for the loan and interest, he may write off the loan and interest a sum sufficient to reduce it to an amount that is fairly realizable from the security, in no case to exceed the appraised value, and may insert the reduced amount in his annual report.*

*(3) In like manner, if it appears to the Superintendent or if he has any reason to suppose that the value of any other investments of the funds of the insurer is less than the amount of the value of the investments shown in the books of the insurer, he may make or cause to be made an appraisal of the securities, and if from the appraised value it appears that the value of the securities as shown on the*

(7) *The following is added after section 20:*

Superinten-  
dent's order

**20.1(1)** If the Superintendent is of the opinion that

- (a) a provincial company is carrying on business in an unsound manner,
- (b) a provincial company has made or acquired an investment after this section comes into force
  - (i) in contravention of any of sections 94 to 94.13 or the regulations under section 94.14, or
  - (ii) that is an investment referred to in section 95(1)(a) to (d), or
- (c) an investment of a provincial company might prejudice or adversely affect the company's policy-holders,

the Superintendent may order the company to do one or more of the following:

- (d) dispose of an investment within a specified time;
- (e) cease doing any act or pursuing any course of conduct specified in the order;
- (f) perform acts specified in the order that, in the Superintendent's opinion, are necessary to remedy the situation.

(2) If a provincial company owns shares in a body corporate referred to in section 94.04(4) and the Superintendent is of the opinion that the body corporate is carrying on business in an unsound manner, the Superintendent may order the provincial company to do one or more of the following:

- (a) dispose of the shares in the body corporate within a specified time;
- (b) cease doing any act or pursuing any course of conduct specified in the order;
- (c) perform acts specified in the order that, in the Superintendent's opinion, are necessary to remedy the situation.

(8) *Section 21 is amended*



*books of the insurer is greater than their true value as shown by the appraisal, he may reduce their book value to an amount that is fairly realizable therefrom, in no case to exceed the appraised value, and may insert the reduced amount in his annual report.*

(7) Superintendent's order requiring the disposal of investments by provincial companies or requiring provincial companies to cease doing something or to do something.

(8) Section 21 presently reads:

Appeal

(a) *by repealing subsections (1) to (3) and substituting the following:*

**21(1)** The Superintendent shall deliver to a provincial company that is affected by a ruling of the Superintendent under section 19 or 20 or that is subject to an order under section 20.1 a copy of the ruling or order and the reasons for the ruling or order.

(2) The provincial company may appeal the Superintendent's ruling or order by serving the Minister with a notice of appeal within 30 days after delivery of the copy required by subsection (1).

(3) A provincial company is bound by a ruling of the Superintendent under section 19 or 20 and shall comply with an order under section 20.1 unless the company files an appeal in accordance with subsection (2), in which case the ruling or order is stayed pending the disposal of the appeal or appeals under this section.

(b) *in subsection (7) by adding "in respect of a ruling by the Superintendent" after "under this section";*

(c) *by adding the following after subsection (7):*

**(7.1)** An appeal board that hears an appeal under this section in respect of an order of the Superintendent may confirm, vary or rescind the Superintendent's order.

(d) *in subsection (9)*

(i) *by striking out "The insurer" and substituting "The provincial company";*

(ii) *by adding "or (7.1)" after "under subsection (7)".*

(9) *Section 21.1 is amended by adding the following after subsection (2):*

**(3)** The plan established on or about June 4, 1992 by the Alberta Insurance Council whereby that insurance council was to pay compensation for losses sustained before April 11, 1992 by persons as a result of policies or purported policies issued by the agent named Bench Insurance Agencies Ltd., and the implementation of that plan, including the making of payments by that council pursuant to the plan and the assignment to it of rights of action where claims are settled by it, are validated notwithstanding any lack of authority to make the payments at the time they were made.

*ruling as to the admissibility of any asset not allowed by him or as to any item or amount added to liabilities, or as to any correction or alteration made by him in any statement, a copy of the ruling and of the reasons for the ruling.*

*(2) The insurer may appeal against the Superintendent's ruling by serving the Minister with a notice of appeal within 30 days after delivery of the copy required by subsection (1).*

*(3) The ruling of the Superintendent is binding on the insurer unless the insurer files an appeal in accordance with subsection (2), in which case the ruling is stayed pending the disposal of the appeal or appeals under this section.*

*(7) An appeal board that hears an appeal under this section may order that the ruling of the Superintendent be confirmed or order the Superintendent*

*(a) to allow assets not allowed by him.*

*(b) to delete any item or amount added by him to liabilities,  
or*

*(c) to cancel any correction or alteration made by him in  
any statement.*

*(9) The insurer or the Superintendent may appeal the decision of the appeal board by filing an originating notice with the Court within 30 days of being notified in writing of the decision, and the Court may make any order that an appeal board may make under subsection (7).*

(9) Section 21.1 presently reads:

*21.1(1) The Minister may enter into agreements with compensation associations relating to a plan for the compensation by compensation associations of policy-holders of and eligible claimants on insolvent insurers.*

*(2) An agreement under subsection (1) may exempt a specifically named insurer from membership in the compensation association that is a party to the agreement.*

(10) *Section 21.2(2) is amended by striking out “persons respectively appointed members of them by the Lieutenant Governor in Council” and substituting “members appointed”.*

(11) *The following is added after section 21.3:*

Winding-up of  
insurance  
councils

**21.31** If an insurance council is wound up, the assets of the insurance council shall, after the payment of the costs of winding-up and any liabilities of the council, be transferred to the Crown in right of Alberta.

(12) *Section 21.4 is amended*

(a) *in subsection (2) by striking out “under this section” and substituting “made in accordance with the regulations”;*

(b) *by repealing subsections (3) to (9) and substituting the following:*

(3) A person who is adversely affected by a decision of an insurance council may appeal the decision in accordance with the regulations.

(10) Section 21.2(2) presently reads:

*(2) The insurance councils referred to in subsection (1) are hereby incorporated and are to consist of persons respectively appointed members of them by the Lieutenant Governor in Council in accordance with the regulations.*

(11) Winding-up of insurance councils.

(12) Section 21.4 presently reads:

*21.4(1) An insurance council shall give written notice of a decision made by it to an applicant or to any other person adversely affected by the decision, stating its reasons for the decision.*

*(2) Subject to the result of any appeal under this section, a decision made by an insurance council on a matter falling within its jurisdiction is binding on all persons.*

*(3) A person who is adversely affected by any decision of an insurance council may, within 30 days after being notified in writing of the decision, appeal the decision to the Superintendent by serving on him a written notice of appeal.*

*(4) The Superintendent is not required to afford the person affected the opportunity to make oral representations or to be represented by counsel if he affords that person adequate opportunity to make written representations and observes the principles of natural justice.*

*(5) If the appeal to the Superintendent involves a suspension, revocation or levy of a penalty referred to in section 537(1), the insurance council's decision does not take effect until at least after the disposition of the appeal by the Superintendent.*

*(6) The Superintendent may conduct such enquiries, additional to those made by the insurance council, as he considers appropriate for the purposes of the appeal.*

*(7) The Superintendent may confirm, vary or quash the decision appealed against.*

*(8) The Superintendent shall serve on the person affected his decision in writing, with reasons.*

*(9) If the Superintendent's decision on an appeal involves a refusal, suspension, revocation or levy of a penalty described in section 537(1), the person given a right to appeal by section 537(2) may*

*(13) An appeal to the Superintendent under section 21.4 of the Insurance Act that is made before the coming into force of subsection (12) is governed by the provisions of the Insurance Act as they read immediately before the coming into force of subsection (12).*

*(14) Section 22 is amended*

*(a) in clause (a.02) by adding “or election” after “appointment”;*

*(b) by repealing clause (a.04) and substituting the following:*

*(a.04) respecting the fees, levies, penalties and other charges that are to be paid by agents, brokers, adjusters or insurers to insurance councils, respecting the means of enforcing payment and specifying that all, some or none of the fees, levies, penalties or other charges be remitted to the Provincial Treasurer;*

*(a.05) respecting the winding-up and dissolution of an insurance council;*

*(c) by adding the following after clause (a.05):*

*(a.06) respecting the appeal of an insurance council’s decisions, including providing for*

*(i) the formation of one or more appeal bodies and the manner of appointment of members,*

*(ii) appeals to the courts,*

*(iii) matters relating to fees for making an appeal, and*

*(iv) the powers, duties and functions of an appeal body;*

*(d) by adding the following after clause (d):*

*(d.1) defining “capital” for the purposes of one or more provisions in this Act;*

*(d.2) respecting the protection and maintenance of assets of a provincial company including regulations respecting the bonding of directors, officers and employees of a provincial company;*

*(e) by repealing clause (e) and substituting the following:*

*if that decision had originally been made by the Superintendent.*

(13) Transitional.

(14) Adds regulation-making powers of the Lieutenant Governor in Council.

- (e) respecting the method of valuation of a provincial company's investments for the purposes of this Act;

(15) *The following is added after section 28:*

Extra-provincial  
Crown insurer

**28.1(1)** In this section, “extra-provincial Crown insurer” means an insurer that

- (a) is formed by or under the laws of another province,
- (b) has an exclusive right to perform an insurance activity in that province, and
- (c) is beneficially owned or controlled by Her Majesty in right of that province.

(2) No extra-provincial Crown insurer or affiliate of an extra-provincial Crown insurer shall hold or be issued a licence under this Act.

(3) For the purposes of this section, the question of whether an insurer is beneficially owned or controlled by an entity or is an affiliate of an entity is to be determined using the interpretation provisions in the *Business Corporations Act* and assuming, if necessary, that the entity is a body corporate.

(16) *Section 31(2) is repealed.*

(17) *Section 34 is amended*

(a) *by repealing subsection (1) and substituting the following:*

Capital  
requirements

**34(1)** A licence shall not be granted or renewed to a provincial company or an extra-provincial company that is a joint stock company that

- (a) undertakes life insurance unless the value of the company's capital is not less than \$5 000 000, or
- (b) undertakes any class of insurance other than life insurance unless the value of the company's capital is not less than \$3 000 000.



(15) Extra-provincial Crown insurer.

(16) Section 31(2) presently reads:

*(2) Except in the case of a Canadian authorized company, when the head office of an applicant for a licence under this Act is situated outside Alberta, a licence shall not be granted except on proof of the applicant's ability to provide for the payment at maturity of all its contracts.*

(17) Section 34 presently reads:

*34(1) A licence shall not be granted, and, where a licence was initially granted on or after January 1, 1974, the licence shall not be renewed, to a joint stock company, other than a Canadian authorized 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*

*(b) by repealing subsection (2);*

*(c) by repealing subsection (3) and substituting the following:*

**(3)** A licence shall not be granted or renewed to a provincial company or an extra-provincial company incorporated without capital stock unless it is proved satisfactorily to the Superintendent that the assets of the company exceed its liabilities by an amount that is not less than the relevant amount specified in subsection (1) for the value of capital.

*(d) in subsection (4)*

*(i) by striking out “subsections (1) to (3)” and substituting “subsections (1) and (3)”;*

*(ii) by striking out “subsection (1), (2) or (3)” and substituting “subsection (1) or (3)”;*

*(e) by adding the following after subsection (5):*

**(6)** A provincial company or an extra-provincial company whose licence is not renewed because the company does not meet the requirements established by or under this section shall cease to carry on business in Alberta, except so far as is necessary for the winding-up of its business in Alberta.

**(7)** The Minister may establish terms and conditions that apply to the winding-up of the business of a provincial company or an extra-provincial company under subsection (6) and the company shall comply with the terms and conditions.

*(18) Section 34.1(1)(a) is amended by striking out “and an extra-provincial company”.*

*(19) Section 34.2 is amended*

*(a) in subsection (1) by striking out “An insurer” and substituting “A provincial company”;*

*(b) by repealing subsection (2)(a).*

*\$250 000 is unimpaired surplus.*

*(2) If a joint stock company, other than a Canadian authorized company, was 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) A licence shall not be granted or renewed to a company incorporated without capital stock unless it is proved satisfactorily to the Superintendent that the assets of the company exceed its liabilities by an amount that is not less than*

*(a) the relevant amount specified in subsection (1) for the combined paid-up capital and surplus, in the case of a company initially granted a licence on or after January 1, 1974, or*

*(b) the relevant amount specified in subsection (2) for the unimpaired paid-up capital stock, in the case of a company initially granted a licence before January 1, 1974.*

*(4) Notwithstanding subsections (1) to (3), the Minister may increase all or any of the relevant amounts specified or referred to in subsection (1), (2) or (3), and the increase may differ in relation to different classes of insurance or different insurers.*

*(5) Where the Minister increases any amount pursuant to subsection (4) that will or may affect a licensed company when it applies for the renewal of its licence, the Superintendent shall give that company notice in writing of the increase, and shall not apply the increase unless the notice was given at least 3 months before the date when the current term of the licence being renewed expired.*

*(18) Section 34.1(1)(a) presently reads:*

*34.1(1) In this section,*

*(a) "company" means a provincial company and an extra-provincial company;*

*(19) Section 34.2 presently reads:*

*34.2(1) An insurer licensed under this Act shall submit, with the annual statement required by section 99, an opinion by an actuary or by another person with experience and training acceptable to the Superintendent on the adequacy of provisions made for unearned premiums, unpaid claims and claims adjustment expenses as of the end of the year covered by the annual statement.*

(20) *Section 35 is amended*

(a) *by repealing subsection (1)(b) and substituting the following:*

- (b) if the insurer is a provincial company, a certified copy of the latest financial statements of the company and the auditor's report on those financial statements;
- (b.1) if the insurer is a Canadian authorized company, a certified copy of the order under the *Insurance Companies Act* (Canada) approving the company to carry on business or to insure risks in Canada;
- (b.2) if the insurer is an extra-provincial company, a certified copy of its authority to carry on business from the jurisdiction in which the company is incorporated or constituted and a certified copy of the latest financial statements of the company and the auditor's reports on those financial statements;

(b) *by repealing subsection (4)(d) and (e).*

*(2) Subsection (1) does not apply to*

- (a) a Canadian authorized company,*
- (b) an insurer referred to in section 29.1(2), or*
- (c) an insurer licensed to carry on only life insurance or accident and sickness insurance, or both.*

*(20) Section 35(1) and (4) presently read:*

*35(1) Before the issue of a licence to an insurer the insurer shall file in the office of the Superintendent the following documents:*

- (a) a certified copy of the Act or other instrument of incorporation or association of the insurer and a certified copy of its constitution and by-laws and regulations, verified in a manner satisfactory to the Superintendent;*
- (b) a certified copy of the latest balance sheet of the insurer and the auditor's report thereon;*
- (c) if the head office of the insurer is outside Alberta, notice of the place where the chief agency of the insurer in Alberta is to be situated;*
- (d) copies of all policy forms and forms of application for insurance proposed to be used by the insurer in Alberta;*
- (e) any other evidence or documents required by other Parts of this Act;*
- (f) a certified copy of a power of attorney, in the prescribed form, or to the like effect, from the insurance corporation to a resident in Alberta, on whom any process in any action, suit or proceeding against the insurance corporation may be served; and*
- (g) a certified copy of the signed consent of the person appointed attorney, which shall be attached to the certified copy of the power of attorney.*

*(4) A fraternal society shall in addition to the documents required to be filed by subsection (1) file the following:*

- (a) an affidavit or statutory declaration that the society is still in existence and authorized to undertake insurance under its charter;*
- (b) notice of the location of the head office of the society;*
- (c) notice of the location of the head office of the society in Alberta;*
- (d) a certified statement of the society's membership in Alberta;*

*(21) Section 41 is repealed.*

*(22) Section 43 is amended*

*(a) in subsection (1) by repealing clauses (a) and (b) and substituting the following:*

- (a) the assets of any provincial company are insufficient to justify the continuance of the company in business or to provide proper security to persons effecting insurance with the company, or*
- (b) a provincial company has failed to comply with this Act or any other law or with an order of the Superintendent,*

*(b) by repealing subsection (2) and substituting the following:*

**(2) If it appears**

- (a) in the case of a provincial company undertaking contracts of life insurance, that its policy reserves, and*
- (b) in the case of any other provincial company, that its unearned premiums,*

*respecting contracts that are outstanding, together with any other liabilities and, where applicable, the amount of the capital or the excess of assets over liabilities required by section 34, exceed its assets, the assets of the company are deemed insufficient to justify the continuance of the company in business within the meaning of subsection (1), and the Superintendent shall report this to the Minister.*

*(c) in subsection (3)*

- (i) in the words preceding clause (a) by striking out “the insurer” and substituting “the provincial company”;*
- (ii) in clause (a) by striking out “the insurer’s” and substituting “the company’s”;*
- (iii) in clause (b) by striking out “the insurer” and substituting “the company”;*

*(e) a schedule of the rates fixed by the society.*

(21) Section 41 presently reads:

*41 So soon as an insurer applying for a licence has deposited with the Superintendent the security hereinafter mentioned and has otherwise conformed to the requirements of this Act, the Superintendent may issue the licence.*

(22) Section 43 presently reads:

*43(1) If the Superintendent, on examination or from annual statements or on other evidence, finds that*

- (a) the assets of any insurer are insufficient to justify the continuance of the insurer in business or to provide proper security to persons effecting insurance with the insurer in Alberta, or*
- (b) the insurer has failed to comply with any provision of law, or with the Act or instruments of incorporation or association of the insurer,*

*he shall so report to the Minister.*

*(2) If it appears*

- (a) in the case of an insurer undertaking contracts of life insurance that its policy reserves, and*
- (b) in the case of any other insurer that its unearned premiums,*

*respecting contracts made in Alberta that are outstanding, together with any other liabilities in Alberta and, where applicable, the amount of the paid-up capital and surplus, the paid-up capital stock or the excess of assets over liabilities required by section 34, exceed its assets in Alberta, 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.*

*(3) If the Minister, after considering the matter and giving the insurer reasonable time and opportunity to be heard by him and making such further inquiry as he considers appropriate, agrees with the Superintendent's finding under subsection (1), the Minister may do either or both of the following:*

- (a) make the insurer's licence subject to such limitations or conditions as he considers appropriate;*
- (b) prescribe a period within which the insurer must correct any failure or deficiency set out in the report of the Superintendent under subsection (1) or (2) or both.*

*(d) in subsection (3.1)*

*(i) by striking out “If the insurer” and substituting “If the provincial company”;*

*(ii) by striking out “of the insurer and prohibit the insurer” and substituting “of the company and prohibit the company”;*

*(e) in subsection (4) by striking out “the insurer” and substituting “the provincial company”.*

*(23) Section 44 is amended by striking out “insurer” and substituting “provincial company”.*

*(24) Section 45 is amended*

*(a) in subsection (1) by striking out “insurer” and substituting “provincial company”;*

*(b) by repealing subsection (2) and substituting the following:*

**(2)** If the authority to carry on business of an extra-provincial company has been cancelled or suspended with or without conditions under the laws of the jurisdiction under which the company is incorporated or constituted, the Superintendent shall cancel the licence held by the company under this Act or suspend the licence on the same conditions.

**(3)** If terms, conditions or restrictions have been imposed on the licence of an extra-provincial company’s authority to carry on business under the laws of the jurisdiction under which the company is incorporated or constituted, the licence held by the company under this Act is deemed to be subject to the same terms, conditions or restrictions unless the Superintendent provides otherwise under subsection (4).

**(4)** If the Superintendent suspends a licence under subsection (2) or if subsection (3) applies, the Superintendent may make any modifications to the terms, conditions or restrictions imposed under the laws of the other jurisdiction that the Superintendent considers necessary to take into account circumstances in Alberta.



*(3.1) If the insurer does not comply with any limitations or conditions imposed under subsection (3)(a) or does not make good any failure or deficiency referred to in and within the period prescribed under subsection (3)(b) or any extension of that period subsequently given by the Minister, the Minister shall report to the Lieutenant Governor in Council that he concurs with the Superintendent's report and the Lieutenant Governor in Council may suspend or cancel the licence of the insurer and prohibit the insurer from carrying on business in Alberta.*

*(4) Until the suspension or prohibition is removed by the Lieutenant Governor in Council it is unlawful for the insurer to undertake insurance in Alberta or carry on business in Alberta.*

(23) Section 44 presently reads:

*44 Notice of the suspension or cancellation of the licence shall be published in The Alberta Gazette and thereafter any person transacting business on behalf of the insurer except for winding-up purposes is guilty of an offence.*

(24) Section 45 presently reads:

*45(1) If the Superintendent has reported as provided in section 43(1), the Minister or the Lieutenant Governor in Council may direct the issue of any modified, limited or conditional licence that is considered necessary for the protection of persons in Alberta who have effected or effect contracts of insurance with the insurer.*

*(2) On the suspension or cancellation of the licence of an insurer by the government of a jurisdiction other than Alberta, the Superintendent may, according to his discretion, either suspend or cancel the licence held by the insurer under this Act.*

*(25) Sections 43 to 45 of the Insurance Act as they read before the coming into force of subsections (22) to (24) of this Act continue to apply, until December 31, 1996, to a provincial company or an extra-provincial company that holds a licence when those subsections come into force, and for the purposes of this subsection*

*(a) the reference in section 43(2) to section 34 refers to section 34 as it read before the coming into force of subsections (22) to (24), and*

*(b) if the Superintendent reports on a matter under section 43 on or before December 31, 1996 in respect of a provincial company or an extra-provincial company that holds a licence when subsections (22) to (24) come into force, sections 43 to 45 as they read before the coming into force of subsections (22) to (24) continue to apply to that matter.*

*(26) Section 46 is repealed.*

*(27) Sections 49 to 93 and the headings preceding sections 49, 67 and 88 are repealed.*

*(28) The heading preceding section 94 and section 94 are repealed and the following is substituted:*

### **Investments of Provincial Companies**

#### **Definitions**

**93.1** In this section and sections 94 to 94.14,

(a) “affiliate” means a corporation that is affiliated with another corporation within the meaning of section 166(3);

(b) “body corporate” means an incorporated body with or without share capital and wherever or however incorporated;

(c) “commercial loan” means

(i) any loan other than

(A) loans to a natural person in an aggregate amount of \$250 000 or less,

(B) a loan to the government of Canada or a province, a municipality or any of their agencies, or to the government of a foreign

(25) Transitional.

(26) Section 46 presently reads:

*46 Sections 43 to 45 do not apply to a Canadian authorized company.*

(27) Sections 49 to 93 deal with deposits and securities.

(28) Establishes new requirements for investments made by provincial insurance companies based on “prudent investment standards”.

country or any of its agencies, or to a prescribed international agency,

- (C) a loan that is guaranteed by, or fully secured by securities issued by, a government, a municipality or an agency referred to in paragraph (B),
- (D) a loan that is secured by a mortgage on real property
  - (I) where the mortgage is on residential property and the amount of the loan, together with the amount then outstanding of any mortgage having an equal or prior claim against the property, does not exceed 75% of the value of the property at the time the loan is made, or
  - (II) where the mortgage is on real property other than residential property and the amount of the loan, together with the amount then outstanding of any mortgage having an equal or prior claim against the property, does not exceed 75% of the value of the property at the time the loan is made and the property provides an annual income sufficient to pay all annual expenses related to the property, including the payments owing under the mortgage and the mortgages having an equal or prior claim against the property,
- (E) a loan that is secured by a mortgage on real property where the amount of the loan, together with the amount then outstanding of any mortgage having an equal or prior claim against the property, exceeds 75% of the value of the property at the time the loan is made if repayment of the amount of the loan that exceeds 75% of the value of the property is guaranteed or insured by an insurer approved by the Minister or a government agency, or
- (F) a loan that



- (I) is fully secured by a deposit with any financial institution that has the capacity to accept deposits,
  - (II) is fully secured by debt obligations guaranteed by any financial institution other than the provincial company or a subsidiary or an affiliate of the provincial company, or
  - (III) is fully secured by a guarantee of a financial institution other than the provincial company or a subsidiary or an affiliate of the provincial company,
- or
- (G) an advance on the security of or against the cash surrender value of a policy,
- (ii) an investment in debt obligations, other than
- (A) debt obligations that are
    - (I) guaranteed by any financial institution other than the provincial company or a subsidiary or an affiliate of the provincial company,
    - (II) fully secured by deposits with any financial institution that has the capacity to accept deposits, or
    - (III) fully secured by debt obligations that are guaranteed by any financial institution other than the provincial company or a subsidiary or an affiliate of the provincial company,
  - (B) debt obligations issued by the government of Canada or a province, a municipality or any of their agencies, or by the government of a foreign country or any of its agencies, or by a prescribed international agency,
  - (C) debt obligations that are guaranteed by, or fully secured by securities issued by, a government, a municipality or an agency referred to in paragraph (B), or
  - (D) debt obligations that are widely distributed.



- (iii) an investment in shares of a body corporate or ownership interests in an unincorporated entity, other than
  - (A) shares or ownership interests that are widely distributed, or
  - (B) participating shares,
- (iv) a deposit with any financial institution that has the capacity to accept deposits, and
- (v) any other prescribed form of financing;
- (d) “connected” means connected as defined in the regulations;
- (e) “control” means control within the meaning of section 166(3);
- (f) “debt obligation” means a bond, debenture, note or other evidence of indebtedness, whether secured or unsecured;
- (g) “financial institution” means
  - (i) a bank,
  - (ii) a loan corporation or trust corporation incorporated or continued by or under an Act of Canada or a province,
  - (iii) a credit union incorporated or continued by or under an Act of Canada or a province,
  - (iv) a Canadian authorized company or an insurance company constituted or continued by or under an Act of Canada or a province, and
  - (v) any other prescribed entity;
- (h) “investment”
  - (i) with respect to interests in real property, means prescribed interests in real property, and
  - (ii) includes a loan to a person;
- (i) “loan” includes an acceptance, an advance on the security of or against the cash surrender value of a policy, endorsement, letter of credit or other





guarantee, a financial lease, a conditional sales contract, a repurchase agreement and any other similar arrangement for obtaining funds or credit but does not include investments in securities;

- (j) “life company” means a provincial company that is permitted to insure only those risks falling within the class of life insurance, or that is permitted to insure only those risks falling within the class of life insurance and one or more of accident and sickness insurance, accident insurance, personal accident insurance and sickness insurance;
- (k) “participating share” means a share of a body corporate that carries the right to participate in the earnings of the body corporate to an unlimited degree and to participate in a distribution of the remaining property of the body corporate on dissolution;
- (l) “prescribed” means prescribed by regulation under section 94.14;
- (m) “property and casualty company” means a provincial company that is not a life company;
- (n) “subsidiary” means a subsidiary within the meaning of section 166(3);
- (o) “substantial interest” means a substantial interest as defined in the regulations;
- (p) “widely distributed” with respect to securities of a body corporate means
  - (i) securities issued by way of a prospectus and traded on a recognized stock exchange, or
  - (ii) securities issued to more than 25 investors within a 6-month period, no one of which holds more than 10% of the total amount of the securities issued and of which, on an ongoing basis, the body corporate does not own more than 10% of the securities outstanding.

Prudent  
investment  
standards

**94(1)** A provincial company shall adhere to prudent investment standards in making investment decisions and in managing its total investments.

**(2)** For the purposes of this Act, prudent investment standards are those which, in the overall context of an



investment portfolio, a reasonable and prudent person would apply to investments made on behalf of another person with whom there exists a fiduciary relationship to make such investments without undue risk of loss or impairment and with a reasonable expectation of fair return or appreciation.

(3) The fact that a provincial company is in compliance with the other provisions of this Act relating to investments does not of itself mean that the company is in compliance with subsection (1).

Policies and  
procedures

**94.01(1)** The board of directors of a provincial company shall establish policies and procedures to ensure that the company applies prudent investment standards in making investment decisions and in managing its total investments.

(2) The board of directors shall review the procedures established under subsection (1) at least once each year.

Prohibited  
investments

**94.02(1)** No provincial company shall directly or indirectly make loans to or other investments in

- (a) any person, or
- (b) any 2 or more persons that to the knowledge of the company are connected,

if the outstanding balance of principal and interest of loans for the person or the connected persons, together with the book value of investments in the person or connected persons, would exceed \$500 000 or 1% of the provincial company's assets, whichever is greater.

(2) This section does not apply so as to restrict a provincial company from acquiring or making investments in

- (a) securities issued or guaranteed by the government of Canada or any province,
- (b) mortgages that are
  - (i) insured under the *National Housing Act* (Canada) or through an agency of the government of Canada or a province, or
  - (ii) insured by an insurer approved by the Minister,
- (c) bodies corporate referred to in section 94.04(4), or
- (d) other prescribed investments.



Equity in  
unincorporated  
entity

**94.03(1)** Subject to subsections (2) and (4), no provincial company may beneficially own more than a 10% interest in a partnership, trust, fund or other unincorporated association or organization.

(2) Subsection (1) does not apply where the partnership, trust, fund or other unincorporated association or organization is carrying on a business that may be carried on by a body corporate referred to in section 94.04(4) and is carrying on that business in the same way as if it were such a body corporate.

(3) For the purposes of subsection (1), an interest beneficially owned by a subsidiary of a provincial company is deemed to be beneficially owned by the company.

(4) Notwithstanding subsection (1), a provincial company may, through realization of a security interest held by the company or, subject to the approval of the Minister, by means of a loan workout procedure, beneficially own more than a 10% interest in a partnership, trust, fund or other unincorporated association or organization, but the company shall dispose of the excess interest within

(a) 2 years after acquiring the excess interest, or

(b) any longer period the Minister allows.

Limitation on  
shareholding

**94.04(1)** Subject to this section and except as otherwise prescribed, no provincial company may beneficially own shares to which are attached more than 10% of the voting rights attached to all of the issued and outstanding voting shares of a body corporate.

(2) For the purposes of subsection (1), shares beneficially owned by a subsidiary of a provincial company are deemed to be beneficially owned by the company except as otherwise prescribed.

(3) Notwithstanding subsection (1), a provincial company may, through realization of a security interest held by the company or, subject to the approval of the Minister, by means of a loan workout procedure, beneficially own shares to which are attached more than 10% of the voting rights attached to all of the issued and outstanding voting shares of a body corporate, but the company shall dispose of the excess shares within

(a) 2 years after acquiring the excess shares, or

(b) any longer period the Minister allows.



(4) Notwithstanding subsections (1) and (3) and except as otherwise prescribed, a provincial company may beneficially own shares to which are attached more than 10% of the voting rights attached to all of the issued and outstanding voting shares of any of the following bodies corporate:

- (a) a bank;
- (b) a loan corporation or trust corporation incorporated or continued by or under an Act of Canada or a province;
- (c) with the approval of the Minister, an insurance company constituted or continued by or under an Act of Canada or a province;
- (d) with the approval of the Minister, a foreign financial institution;
- (e) a prescribed body corporate.

(5) A provincial company may not beneficially own shares in a body corporate referred to in subsection (4) to which are attached more than 10% of the voting rights attached to all of the issued and outstanding voting shares of the body corporate if that body corporate beneficially owns shares in another body corporate, that is not a body corporate referred to in subsection (4), to which are attached more than 10% of the voting rights attached to all of the issued and outstanding voting shares of that other body corporate.

Duty to  
provide  
information

**94.05** If a body corporate referred to in section 94.04(4) becomes a subsidiary of a provincial company, the provincial company must provide the Minister with any information respecting the body corporate that the Minister requires.

### **Portfolio Limits**

Exclusion from  
portfolio limits

**94.06(1)** Subject to subsection (3), the value of all investments acquired by a provincial company and any of its subsidiaries as a result of a realization of a security interest shall not be included in calculating the value of the investments of the company and its subsidiaries under sections 94.07 to 94.12

- (a) for a period of 7 years following the day on which the interest was acquired, in the case of an interest in real property, and





(b) for a period of 2 years following the day on which the investment was acquired, in the case of an investment other than an interest in real property.

(2) The Minister may, in the case of any particular provincial company, extend any period referred to in subsection (1) for such further period or periods, and on such terms and conditions, as the Minister considers necessary.

(3) Subsection (1) does not apply to an investment that is defined by regulation under section 94.14 to be an interest in real property.

Lending limit -  
life companies

**94.07(1)** Subject to subsection (2), a life company shall not, and shall not permit its subsidiaries,

(a) to make or acquire a commercial loan, or

(b) to acquire control of a body corporate referred to in section 94.04(4) that holds commercial loans,

if the aggregate value of all commercial loans held by the company and its subsidiaries exceeds, or if the making or acquisition of the commercial loan or acquisition of control of the body corporate would cause the aggregate value of all commercial loans held by the company and its subsidiaries to exceed, 5% of the total assets of the company.

(2) A life company that has more than \$15 000 000 of capital may, with the prior approval of the Minister and in accordance with such terms and conditions as the Minister may specify,

(a) make or acquire commercial loans, or

(b) acquire control of a body corporate referred to in section 94.04(4) that holds commercial loans.

Lending limit -  
property and  
casualty  
companies

**94.08** A property and casualty company shall not, and shall not permit its prescribed subsidiaries,

(a) to make or acquire a commercial loan or a loan to a natural person, or

(b) to acquire control of a body corporate referred to in section 94.04(4) that holds commercial loans or loans to natural persons

if the aggregate value of all such loans held by the company and its prescribed subsidiaries exceeds, or if the making or



acquisition of the loan or the acquisition of control of the body corporate would cause the aggregate value of all such loans held by the company and its prescribed subsidiaries to exceed, 5% of the total assets of the company.

Limit on real  
property  
interest

**94.09** A provincial company shall not, and shall not permit its prescribed subsidiaries,

- (a) to purchase or otherwise acquire an interest in real property, or
- (b) to make an improvement to any real property in which the company or any of its prescribed subsidiaries has an interest,

if the aggregate value of all interests of the company in real property exceeds, or if the acquisition of the interest or the making of the improvement would cause that aggregate value to exceed, 10% of the total assets of the company and its prescribed subsidiaries.

Limits on  
equity  
acquisitions

**94.1** A provincial company shall not, and shall not permit its prescribed subsidiaries,

- (a) to purchase or otherwise acquire any participating shares of any body corporate or any ownership interests in any unincorporated entity, other than those in which the company has, or by virtue of the acquisition would have, a substantial interest, or
- (b) to acquire control of a body corporate that holds shares or ownership interests referred to in clause (a),

if the aggregate value of

- (c) all participating shares, excluding participating shares of bodies corporate referred to in section 94.04(4) in which the company has a substantial interest, and
- (d) all ownership interests in unincorporated entities

beneficially owned by the company and its prescribed subsidiaries exceeds, or if the purchase or acquisition would cause that aggregate value to exceed, the prescribed percentage of the total assets of the company and its prescribed subsidiaries.



Aggregate  
limit

**94.11** A provincial company shall not, and shall not permit its prescribed subsidiaries,

(a) to purchase or otherwise acquire

(i) participating shares of a body corporate, other than those of a body corporate referred to in section 94.04(4) in which the company has, or by virtue of the acquisition would have, a substantial interest,

(ii) ownership interests in an unincorporated entity, or

(iii) interests in real property,

or

(b) to make an improvement to real property in which the company or any of its prescribed subsidiaries has an interest

if the aggregate value of

(c) all participating shares and ownership interests referred to in clause (a)(i) and (ii) that are beneficially owned by the company and its prescribed subsidiaries, and

(d) all interests of the company in real property referred to in clause (a)(iii)

exceeds, or if the acquisition of the shares or interest or the making of the improvement would cause that aggregate value to exceed, 30% of the total assets of the company and its prescribed subsidiaries.

Assets  
transactions

**94.12** A provincial company shall not, without the approval in writing of the Minister, in any transaction or series of transactions with the same party during a period of 12 months, acquire or dispose of assets, directly or indirectly, other than assets that are debt obligations referred to in section 93.1(c)(ii)(A) to (D), having a value in excess of 10% of the total assets of the company as at the beginning of the 12-month period.

Retaining  
investments

**94.13(1)** If, on the coming into force of this section, a provincial company has an investment that would not be permitted under this Act and the regulations if it were made or acquired after this section comes into force, the company may retain the investment.



(2) A provincial company that has an investment referred to in subsection (1) may not increase the amount of or renew or extend the investment without the prior consent of the Minister.

Regulations

**94.14** The Lieutenant Governor in Council may make regulations

- (a) defining terms that are specified in section 93.1 as being defined in the regulations;
- (b) respecting anything that is to be prescribed under sections 93.1 to 94.13;
- (c) defining investments to be interests in real property for the purposes of section 94.06(3) and determining the method of valuating those interests;
- (d) prescribing quantitative limits on investments that may be made by a provincial company or its subsidiary, including quantitative limits on investments referred to in section 94.04(4) and where a limit has been imposed by this Act, prescribing limits that are more restrictive;
- (e) imposing terms and conditions subject to which a provincial company or its subsidiary may make investments or enter into other transactions, and imposing restrictions on the manner in which investments and other transactions may be made, given or entered into;
- (f) prescribing investments and other transactions that a provincial company or its subsidiary may not make, give or enter into.

(29) *Section 95 is amended*

(a) *in subsection (1)*

- (i) *by striking out “An insurer” and substituting “A provincial company”;*
- (ii) *in clauses (a), (b) and (c) by striking out “insurer” wherever it occurs and substituting “company”;*
- (iii) *by adding the following after clause (c):*
  - (d) *in respect of a person or entity designated by the Minister under subsection (4.1).*



(29) Section 95 presently reads:

*95(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 a director or officer, or*

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

*(b) in subsection (2) by striking out “An insurer” and substituting “A provincial company”;*

*(c) in subsection (3)*

*(i) by repealing clause (d)(i) and substituting the following:*

*(i) the acquisition of a corporation’s bonds, debentures, notes or other evidence of indebtedness or the acquisition of a corporation’s shares, or*

*(ii) in clause (d)*

*(A) by striking out “an insurer” and substituting “a provincial company”;*

*(B) by striking out “the insurer” and substituting “the provincial company”;*

*(iii) in clause (e)*

*(A) by striking out “an insurer” and substituting “a provincial company”;*

*(B) by striking out “the insurer” and substituting “the company”;*

*(d) by adding the following after subsection (4):*

**(4.1)** The Minister may designate a person or entity for the purposes of subsection (1)(d) if the Minister is of the opinion that

- (a) the person or entity is acting or has acted jointly or in concert with a restricted party of the provincial company with respect to entering into an investment that would be prohibited under this section if entered into by or with respect to the restricted party, or*
- (b) there exists or has existed between the person and the provincial company or between the entity and the provincial company an interest or relationship that might reasonably be expected to affect or that has affected the exercise by the company of its best judgment with respect to an investment.*

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

*(c) in a corporation in which*

*(i) a person mentioned in clause (a)(i),*

*(ii) a person who is a substantial shareholder of the insurer,*

*(iii) another corporation that is a substantial shareholder of the insurer, or*

*(iv) a group consisting exclusively of persons mentioned in clause (a)(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%, 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%.*

*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% 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 those 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*

(4.2) For the purposes of subsection (4.1), “restricted party” means a person or corporation referred to in subsection (1)(a), (b) or (c).

(4.3) On application by a person or entity that has been designated under subsection (4.1) or the provincial company affected by a designation under subsection (4.1), the Minister may revoke the designation.

*(e) in subsection (5)*

*(i) by striking out “an insurer” and substituting “the provincial company”;*

*(ii) by striking out “the insurer” wherever it occurs and substituting “the company”.*

*(30) The following is added after section 95:*

(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, when 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) *When 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 that 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.*

(30) *Liability of directors.*

**95.1(1)** The directors of a provincial company who, after this section comes into force, vote for or consent to a resolution authorizing the making of an investment referred to in section 95(1)(a) to (d) are jointly and severally liable to restore to the company any amount paid for the investment and not recovered by the company and the amount of any loss suffered by the company in relation to the investment.

(2) A director is not liable under subsection (1) if the director did not know and could not reasonably have known that the investment was an investment referred to in section 95(1)(a) to (d).

(3) A director who has satisfied a judgment rendered under this section is entitled to contribution from the other directors who voted for or consented to the resolution referred to in subsection (1).

(31) *Section 96 is amended*

(a) *in subsection (1) by striking out “Each insurer, other than a Canadian authorized company,” and substituting “Each provincial company that is licensed under this Act”;*

(b) *in subsection (2)*

(i) *by striking out “standing of the insurer” and substituting “standing of the provincial company”;*

(ii) *by striking out “officers of the insurer” and substituting “officers of the company”;*

(c) *in subsection (3) by striking out “insurer to whom he is sent and shall not exceed \$10 per day and necessary travelling expenses” and substituting “provincial company”;*

(d) *in subsection (4) by striking out “the insurer” and substituting “the provincial company”.*

(32) *Section 97 is amended by striking out “an insurer” and substituting “a provincial company”.*

(33) *Section 99 is amended*

(a) *in subsection (1)*

(31) Section 96 presently reads:

*96(1) Each insurer, other than a Canadian authorized company, shall keep the classification of its contracts and the registers and books of account that are directed or authorized by the Minister.*

*(2) If it appears at any time to the Minister that the books are not kept in such a business-like way as to make at any time a proper showing of the affairs and standing of the insurer, he shall thereupon nominate a competent accountant to proceed under his directions to audit the books and to give any instructions that will enable the officers of the insurer to keep them correctly thereafter.*

*(3) The expense of the accountant shall be borne by the insurer to whom he is sent and shall not exceed \$10 per day and necessary travelling expenses.*

*(4) The account for the audit and instructions shall be certified and approved by the Minister and thereupon is payable forthwith by the insurer, and if not so paid may be recovered as a debt due to the Superintendent.*

(32) Section 97 presently reads:

*97 When an insurer has a share or stock capital, the stock register or register of members shall at all reasonable times be open to the examination of the Minister or Superintendent.*

(33) Section 99 presently reads:

*99(1) Every insurer licensed under this Act shall prepare annually and deliver to the Superintendent on or before the last day of*

- (i) *by striking out “Every insurer” and substituting “Every provincial company”;*
- (ii) *by striking out “of the insurer” and substituting “of the company”;*
- (b) *in subsection (2)(b) by striking out “of the insurer” and substituting “of the provincial company”.*

(34) *Section 100 is amended by striking out “insurer” and substituting “provincial company”.*

(35) *Section 101 is repealed and the following is substituted:*

Statement of  
business  
particulars

**101** Every Canadian authorized company and extra-provincial company licensed under this Act shall prepare annually and deliver to the Superintendent on or before the last day of February of each year a statement in a form acceptable to the Superintendent that sets out the particulars of the business done in Alberta during the previous calendar year.

(36) *Section 102 is amended by adding “referred to in section 99, 100 or 101” after “the statement”.*

(37) *Section 104 is amended by striking out “insurer shall show as a liability of the insurer” and substituting “provincial company shall show as a liability of the company”.*



*February of each year a statement of the condition of affairs of the insurer as at the preceding December 31.*

(2) *The statement shall*

- (a) be in a form prescribed by the Superintendent,*
- (b) exhibit the assets, liabilities, receipts and expenditures of the insurer for the calendar year ended on that December 31,*
- (c) exhibit particulars of the business done in Alberta during the year,*
- (c.1) where applicable, be accompanied by the opinion referred to in section 34.2(1),*
- (d) give any other information considered necessary by the Minister or Superintendent from time to time, and*
- (e) be verified in the manner prescribed by the Superintendent.*

(3) *For the purposes of the statement, securities owned by a provincial company shall be valued in accordance with the regulations.*

(34) Section 100 presently reads:

*100 In addition to the annual statement required by section 99, the Superintendent may, in a form and at the intervals he prescribes, require statements to be filed with him pertaining to the financial affairs or general operations of the insurer.*

(35) Section 101 presently reads:

*101 In the case of a Canadian authorized company the Superintendent may, in lieu of the annual statement required to be filed by all insurers under section 99, direct the preparation of a modified statement respecting the business of the insurer in Alberta only.*

(36) Section 102 presently reads:

*102 In the case of a corporation the statement shall be verified by the president, vice-president or managing director or other director appointed for the purpose by the board of directors and by the secretary or manager of the corporation.*

(37) Section 104 presently reads:

*104 With respect to all classes of insurance, other than those to which section 105 applies, the statement of the insurer shall show as a liability of the insurer*

(38) *Section 105 is amended*

(a) *in subsection (2)*

(i) *by striking out “statement of the insurer” and substituting “statement of the provincial company”;*

(ii) *by striking out “liability of the insurer” and substituting “liability of the company”;*

(b) *in subsection (3) by striking out “Except for contracts of fraternal societies, the” and substituting “The”;*

(c) *by repealing subsection (4) and substituting the following:*

**(4)** Notwithstanding subsection (3), a provincial company may adopt a standard of valuation that is higher in aggregate for each class of contract than that provided for by subsection (3).

(d) *in subsection (6) by striking out “insurer” wherever it occurs and substituting “provincial company”.*

(39) *Section 106 is amended by striking out “insurer” and substituting “provincial company”.*

- (a) 80% of the actual portions of unearned premiums on all business in force on December 31 then last past, or
- (b) 80% of 50% 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.

(38) Section 105 presently reads:

*105(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 dependent on life contingencies only shall be according to the standards prescribed by sections 115 to 121.*

*(4) Notwithstanding subsection (3), an insurer may 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 Insurance Companies Act (Canada) if the insurer is a Canadian authorized company.*

*(5) For contracts dependent 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 on 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 good and sufficient provision for all unmatured obligations guaranteed under the terms of its contracts.*

(39) Section 106 presently reads:

*106 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.*

*(40) Section 107 is amended*

*(a) by repealing subsection (1)(b) and substituting the following:*

*(b) “investments” means investments that a company is authorized to make under this Act;*

*(b) by repealing subsections (6) to (9).*

*(41) Section 108 is amended by striking out “the insurer” and substituting “the provincial company”.*

*(42) The following is added after section 108:*

Annual  
financial  
statements

**108.1** Every insurer licensed under this Act shall within 180 days after the end of the insurer’s fiscal year provide the Superintendent with a copy of the insurer’s financial statements for the fiscal year and the auditor’s report on those statements.

*(43) Subsection (42) applies only to fiscal years ending in 1996 and later years.*

(40) Section 107 presently reads in part:

*107(1) In this section,*

*(b) "investments" means bonds, debentures, evidences of indebtedness, securities, obligations, certificates, shares, mortgages, ground rents, hypothecs, leaseholds and real estate enumerated in section 94(2);*

*(6) The percentage limit specified in section 94(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(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(2)(t)(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(14)(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.*

(41) Section 108 presently reads:

*108 The statement shall not show as assets the unpaid balances owing by agents or other insurers that are more than 3 months overdue, or bills receivable on account of them, or bills receivable more than one year overdue, or investment in office furniture or equipment, or unpaid capital, or unpaid premium on subscribed shares of capital stock, nor shall the statements include as assets any investments not authorized by any special or general Act to which the insurer is subject.*

(42) Annual financial statements.

(43) Application of subsection (42).

Published  
statement

(44) *Section 109 is repealed and the following is substituted:*

**109** An insurer who publishes a statement that purports to show its financial position in which the financial position shown is different from the financial position shown in an annual statement filed under section 99 or financial statements filed under section 108.1 is guilty of an offence.

(45) *Section 111 is amended*

(a) *in subsection (1) by striking out “Except in the case of a fraternal society, an insurer” and substituting “A provincial company”;*

(b) *in subsections (2) to (4) by striking out “the insurer” wherever it occurs and substituting “the provincial company”;*

(c) *in subsection (5)*

(i) *by striking out “The insurer” and substituting “The provincial company”;*

(ii) *by striking out “by the insurer” and substituting “by the company”.*

(46) *Section 112 is amended by striking out “Except in the case of a fraternal society an insurer” and substituting “A provincial company”.*

(44) Section 109 presently reads:

*109 A statement that purports to show the financial condition of an insurer and that is different from the financial condition shown by the statement filed with the Superintendent shall not be published or circulated, and every insurer publishing such a statement is guilty of an offence.*

(45) Section 111 presently reads:

*111(1) Except in the case of a fraternal society, an insurer licensed under this Act may acquire and hold absolutely for its own use and benefit*

*(a) any real property necessary for the transaction of its business, and*

*(b) any real property acquired by it by foreclosure or in satisfaction of a debt,*

*and may sell, mortgage, lease or otherwise dispose of it.*

*(2) No real property acquired under subsection (1)(b) shall be held for a longer period than 10 years after the acquisition thereof, but any such property shall on or before the expiration of that period be absolutely sold and disposed of so that the insurer no longer retains any interest therein, except by way of security.*

*(3) Any such real property that has been held by the insurer for a longer period than 10 years without being disposed of is liable to be forfeited to the Crown.*

*(4) Notwithstanding subsection (3),*

*(a) no forfeiture takes effect until the expiration of at least 6 calendar months after notice in writing to the insurer by the Minister of the intention of the Crown to claim the forfeiture, and*

*(b) the insurer may, notwithstanding the notice and before the forfeiture is effected, sell or dispose of the property free from liability to forfeiture.*

*(5) The insurer shall give the Minister, when required, a full and correct statement of all property that at the date of the statement is held by the insurer, or in trust for it, and is subject to subsection (2).*

(46) Section 112 presently reads:

*112 Except in the case of a fraternal society an insurer licensed under this Act may acquire and hold real property in addition to that*

*(47) Section 113 is repealed.*

*(48) The following is added before section 115:*

Application                    **114.1**    Sections 115 to 122 apply only to provincial companies.

*(49) Section 122 is amended by striking out “, other than a Canadian authorized company,”.*

*(50) Section 138(3) is repealed and the following is substituted:*

**(3)** At least a majority of the directors of a company must at all times be ordinarily resident in Canada.

*(51) The heading preceding section 181 and section 181 are repealed.*



*provided for by section 111, and may acquire or hold or construct a building larger than is required for the transaction of its business and may lease any part of the building not so required.*

(47) Section 113 presently reads:

*113(1) Notwithstanding anything in this Act, any insurer licensed under this Act that is a Canadian authorized company may, when so authorized by its charter or Act of incorporation or other enactment applicable to it, purchase or otherwise acquire and hold real estate as an investment for the production of income and improve or otherwise develop that real estate.*

*(2) In this section, "real estate" includes a leasehold of real estate for business or residential purposes having an unexpired term of not less than 20 years, inclusive of the term that may be provided by any enforceable option of renewal.*

(48) Application.

(49) Section 122 presently reads:

*122 Every insurer, other than a Canadian authorized company, licensed to transact the business of hail insurance in Alberta shall each year set aside as a hail insurance surplus at least 50% of the profits realized from the business during the year, until the amount of the fund in any given year is equal to at least 50% of the net hail premiums received during the preceding calendar year, at which proportion the fund shall be maintained.*

(50) Section 138(3) presently reads:

*(3) The majority of the directors of a company so elected shall at all times be persons resident in Alberta who are Canadian citizens or persons lawfully admitted into Canada for permanent residence.*

(51) The heading preceding section 181 and section 181 presently read:

*Reduction and Subsequent Increase of Capital*

*181(1) The directors of a provincial company may from time to time,*

*(a) in the event of the company's paid-up capital being impaired, and*

*(b) if authorized to do so by a resolution passed by the shareholders at a special general meeting called for that purpose when the shares voted in favour of that resolution represent at least 75% of the subscribed stock held by the shareholders who were either present at that meeting or were represented by proxy at that meeting,*

*pass a by-law for writing off the paid-up capital any amount that they have been so authorized and empowered to write off.*

(52) *The following heading is added before section 182:*

**Change of Head Office, Date of  
Annual Meeting and Name**

(53) *Section 184 is amended by repealing clauses (a) to (e) and substituting the following:*

- (a) in the case of any insurer,
  - (i) the insurer is not complying with this Act or the regulations and that the failure or the continuance of the failure to comply is or may be prejudicial to the interests of the insurer's policy-holders or creditors, or
  - (ii) the insurer has ceased to carry on business in Alberta,
- (b) in the case of a provincial company that is a joint stock company, the insurer's capital and, in the case of a provincial company incorporated without capital stock, the excess of its assets over its liabilities is less than the amount applicable to that insurer under section 34, or
- (c) in the case of any provincial company
  - (i) the company has defaulted on the payment of any of its liabilities, or

(2) *Notwithstanding subsection (1),*

*(a) no part of the company's assets shall be distributed to its shareholders, and*

*(b) the paid-up capital shall not be reduced*

*(i) below the minimum amount fixed by the company's Act of incorporation as necessary to be paid up before the company can commence business, or*

*(ii) below the amount required by section 34 for the classes of insurance that the company undertakes.*

*(3) The capital of a company shall be deemed to be impaired when its assets, exclusive of an amount equal to its paid-up capital, are less than its liabilities calculated according to the requirements of this Act.*

*(4) The by-law shall declare the par value of the shares of the stock so reduced, and the capital stock of the company shall be reduced, by the amount of the reduction, in the paid-up portion thereof.*

*(5) The liability of the shareholders remains the same as if no reduction had been made in the paid-up capital stock of the company.*

(52) New heading.

(53) Section 184 presently reads:

*184 The Superintendent may make a special report to the Minister with respect to any insurer when the Superintendent is satisfied, on the basis of an examination and inspection of that insurer's affairs, or on the basis of any other source of information available to him, that*

*(a) the insurer has defaulted on the payment of any of its liabilities,*

*(b) the insurer is not complying with this Act or the regulations and that the failure or the continuance of the failure to so comply is or may be prejudicial to the interests of the insurer's policy-holders or creditors,*

*(c) in the case of a joint stock company, the insurer's unimpaired capital stock and, in the case of an insurer incorporated without capital stock, the excess of its assets over its liabilities is less than the amount applicable to that insurer under section 34,*

*(d) there exists any state of affairs within the insurer of a serious nature that is or may be prejudicial to the interests of the insurer's policy-holders or creditors, or*

- (ii) there exists any state of affairs within the company of a serious nature that is or may be prejudicial to the interests of the company's policy-holders or creditors.

*(54) Section 185 is amended*

- (a) by renumbering it as section 185(1);*
- (b) in subsection (1)(b) by striking out "insurer that is not a provincial company" and substituting "extra-provincial company";*
- (c) by adding the following after subsection (1):*

**(2)** The Lieutenant Governor in Council may appoint an administrator in respect of an extra-provincial company only if the government of the jurisdiction under which the company is constituted or continued requests the appointment of an administrator.

*(55) Section 186 is amended*

- (a) by repealing subsection (6)(b) and substituting the following:*
- (b)** shall be paid out of the insurer's own funds, and
- (b) by repealing subsection (7).*

*(56) Section 187 is repealed and the following is substituted:*

Definitions

**187** In sections 188 to 199,

- (a) "Alberta contract" means a subsisting contract of insurance that
  - (i) has for its subject

*(e) the insurer has ceased to carry on business in Alberta.*

(54) Section 185 presently reads:

*185 When the Superintendent makes a special report to the Minister and recommends the appointment of an administrator, the Minister may recommend to the Lieutenant Governor in Council that an administrator be appointed*

*(a) for the insurer, in the case of a provincial company, or*

*(b) for the insurer's branch offices, assets and affairs within Alberta, in the case of an insurer that is not a provincial company,*

*as the case may be, and the Lieutenant Governor in Council may make an order accordingly.*

(55) Section 186(6) and (7) presently read:

*(6) The fees payable to the administrator for his services, and his expenses and disbursements in connection with the discharge of his duties*

*(a) shall be fixed and determined by the Minister from time to time,*

*(b) shall be paid out of the insurer's own funds, or, if the Minister is satisfied that the insurer's own funds are then insufficient for the purpose, out of the proceeds of the insurer's deposit lodged pursuant to section 49, and*

*(c) in the case of the winding-up of the insurer, shall rank on the estate equally with the remuneration paid to the liquidator.*

*(7) During the period of the appointment of an administrator for an insurer, the insurer's deposit may be used for the purpose of carrying on the business and affairs of the insurer, if the Minister is satisfied that the insurer's own funds are insufficient for that purpose.*

(56) Section 187 presently reads:

*187 In sections 188 to 199, "Alberta contract", "insured person", "loss", "reciprocal deposit" and "reciprocating province" have the same meanings as in section 67.*

- (A) property that at the time of the making of the contract is in Alberta or is in transit to or from Alberta, or
- (B) the life, safety, fidelity or insurable interest of a person who at the time of the making of the contract is resident in, or has its head office in, Alberta,

or

- (ii) provides for payment primarily to a resident of Alberta or to an incorporated company that has its head office in Alberta;
- (b) “insured person” means a person who enters into a subsisting contract of insurance with an insurer and includes
  - (i) every person insured by a contract, whether named or not,
  - (ii) every person to whom or for whose benefit all or part of the proceeds of a contract of insurance are payable, and
  - (iii) every person entitled to have insurance money applied toward satisfaction of his judgment in accordance with section 320;
- (c) “loss” includes the happening of an event or contingency by reason of which a person becomes entitled to a payment of money under a contract of insurance other than a refund of unearned premiums.

*(57) Section 191 is amended*

- (a) in subsection (2) by striking out “, other than the deposit”;*
- (b) by repealing subsection (3).*

*(58) Section 193 is amended*

(57) Section 191(2) and (3) presently read:

*(2) The remuneration and all expenses and outlay in connection with the appointment of the provisional liquidator, together with all expenses and outlay of the provisional liquidator while he acts in that capacity, shall be borne and paid by the insurer and form a first lien or charge on the assets of the insurer, other than the deposit.*

*(3) Notwithstanding subsection (2), the Minister, in his discretion, may direct that the remuneration, expenses and outlay shall be paid out of the proceeds of the deposit made by the insurer, and in that case the amount directed to be paid has the same priority as the expenses of the receiver administering the deposit as fixed by section 79(a).*

(58) Section 193 presently reads:

(a) *in subsection (1) by striking out “before any order granting administration of the deposit and”;*

(b) *by repealing subsection (2) and substituting the following:*

(2) The entire assets of the insurer in Alberta shall be available for the purpose of securing the reinsurance, except the amount reasonably estimated by the liquidator or the provisional liquidator as being required to pay

(a) the costs of the liquidation or winding-up,

(b) all claims for losses covered by the insurer's contracts of insurance of which notice has been received by the insurer or liquidator or provisional liquidator before the date on which the reinsurance is effected, and

(c) the claims of the preferred creditors who are the persons paid in priority to other creditors under the winding-up provisions of the *Companies Act*,

all of which are a first charge on the assets of the insurer.

(c) *by repealing subsection (3);*

(d) *in subsection (5) by striking out “, together with all or that portion, if any, of the deposit that is agreed on pursuant to subsection (3),”.*



*193(1) The provisional liquidator or the liquidator, before any order granting administration of the deposit and before the fixing of a termination date pursuant to section 195, may arrange for the reinsurance of the subsisting contracts of insurance of the insurer with some other insurer licensed in Alberta.*

*(2) For the purpose of securing the reinsurance the following funds shall be available:*

*(a) the entire assets of the insurer in Alberta, other than the deposit, except the amount reasonably estimated by the liquidator or the provisional liquidator as being required to pay*

*(i) the costs of the liquidation or winding-up,*

*(ii) all claims for losses covered by the insurer's contracts of insurance of which notice has been received by the insurer or liquidator or provisional liquidator before the date on which the reinsurance is effected, and*

*(iii) the claims of the preferred creditors who are the persons paid in priority to other creditors under the winding-up provisions of the Companies Act,*

*all of which are a first charge on the assets of the insurer other than the deposit, and*

*(b) all or a portion of the deposit, if there is an agreement under subsection (3).*

*(3) If it appears necessary or desirable to secure reinsurance for the protection of insured persons entitled to share in the proceeds of the deposit, the Minister, on the recommendation of the Superintendent, or in the case of a reciprocal deposit, the superintendents of insurance of each of the reciprocating provinces, may enter into an agreement with the provisional liquidator or the liquidator, whereby, pursuant to section 68 or section 92, all or any part of the securities in the deposit may be used for the purpose of securing the reinsurance.*

*(4) Creditors of the insurer, other than the insured persons and the preferred creditors, are entitled to receive a payment on their claims only if provision has been made for the payments mentioned in subsection (2) and for the reinsurance.*

*(5) If, after providing for the payments mentioned in subsection (2), the balance of the assets of the insurer, together with all or that portion, if any, of the deposit that is agreed on pursuant to subsection (3), is insufficient to secure the reinsurance of the contracts of the insured persons in full, the reinsurance may be effected for that portion of the full amount of the contracts that is possible.*

*(6) No contract of reinsurance shall be entered into pursuant to this section until it is approved by the Court.*

*(59) Section 194 is repealed.*

*(60) Section 195(4) is repealed.*

*(61) Section 197 is amended*

- (a) in subsection (1)(b) by striking out “and that have not been paid or provided for in the administration of the deposit”;*
- (b) in subsection (2) by striking out “, to the extent that those claims have not been paid or provided for in the administration of the deposit”.*

(59) Section 194 presently reads:

*194(1) In the winding-up of an insurer that has made a deposit pursuant to this Act, if the person appointed as receiver to administer the deposit pursuant to section 73 is not the person appointed as provisional liquidator or the liquidator under this Act or the Companies Act or appointed as liquidator under the Winding-up Act (Canada), as the case may be, the Court at any time in its discretion may order that the deposit and the administration thereof be transferred from the receiver to the provisional liquidator or the liquidator.*

*(2) On the making of an order pursuant to subsection (1), the provisional liquidator or the liquidator shall administer the deposit for the benefit of the persons entitled to share in the proceeds thereof in accordance with the priorities and other provisions prescribed in this Act.*

*(3) The amount payable to the provisional liquidator or the liquidator for administering the deposit, and all costs and expenses incurred by him in administering the deposit, shall be paid from the proceeds of the deposit in accordance with the priorities fixed by section 79(a).*

*(4) The amount payable to the provisional liquidator or the liquidator and all costs and expenses incurred by him in the winding-up of the insurer shall not be paid from the deposit but shall be paid from, and shall be a first charge on, the assets of the insurer except as provided in section 191(3).*

(60) Section 195(4) presently reads:

*(4) When a receiver administering a deposit has fixed a termination date pursuant to section 74, the termination date fixed pursuant to this section applies only to those contracts of insurance not already terminated on the date fixed by the receiver.*

(61) Section 197(1) and (2) presently read:

*197(1) The liquidator shall pay or set aside from the assets of the insurer sums in his opinion sufficient to pay*

*(a) the costs of the liquidation or winding-up,*

*(b) all claims for losses covered by the insurer's contracts of insurance that occurred before the termination date fixed pursuant to section 74 or 195 and that have not been paid or provided for in the administration of the deposit and of which notice has been received by the insurer or the liquidator,*

*(c) the full amount of the legal reserve in respect of each unmatured life insurance contract, and*

*(62) Section 236 is amended by adding “or bold type” after “red ink”.*

*(63) Section 277 is amended by striking out “apply to the Court” and substituting “apply to the Surrogate Court, in accordance with the Surrogate Court Rules (Alta. Reg. 130/95),”.*

*(64) Section 278 is amended by striking out “apply to the Court” and substituting “apply to the Surrogate Court, in accordance with the Surrogate Court Rules (Alta. Reg. 130/95),”*

*(d) the claims of preferred creditors who are the persons paid in priority to other creditors under the winding-up provisions of the Companies Act.*

*(2) Except in the case of life insurance, the assets remaining after payment or making provision for payment, of the amounts mentioned in subsection (1) shall be used to pay the claims of the insured persons for refunds of unearned premiums on a pro rata basis in proportion to the periods of their contracts respectively unexpired on the termination dates, to the extent that those claims have not been paid or provided for in the administration of the deposit.*

(62) Section 236 presently reads:

236 A contract containing

- (a) a deductible clause,*
- (b) a co-insurance, average or similar clause, or*
- (c) a clause limiting recovery by the insured to a specified percentage of the value of any property insured at the time of loss, whether or not that clause is conditional or unconditional,*

*shall have printed or stamped on the face of the policy in red ink the words:*

*"This policy contains a clause which may limit the amount payable."*

*and unless these words are so printed or stamped the clause is not binding on the insured.*

(63) Section 277 presently reads:

*277 When an insurer admits the validity of the insurance but does not admit the sufficiency of the evidence required by section 272 and there is no other question in issue except a question under section 278, the insurer or the claimant may, before or after action is brought and on at least 30 days' notice, apply to the Court for a declaration as to the sufficiency of the evidence furnished, and the Court may make the declaration or may direct what further evidence shall be furnished and on the furnishing thereof may make the declaration or, in special circumstances, may dispense with further evidence.*

(64) Section 278 presently reads:

*278 When a claimant alleges that the person whose life is insured should be presumed to be dead by reason of his not having been heard of for 7 years, and there is no other question in issue except a question under section 277, the insurer or the claimant may, before or after action is brought and on at least 30 days' notice, apply to the Court for a declaration as to presumption of the death and the Court may make the declaration.*

*(65) Section 279 is amended by striking out “Court” and substituting “Surrogate Court”.*

*(66) Section 280 is amended by striking out “Court” and substituting “Surrogate Court”.*

*(67) Section 282 is amended by striking out “Court” and substituting “Surrogate Court”.*

*(68) Section 283 is amended by striking out “apply to the Court ex parte” and substituting “apply to the Surrogate Court ex parte, in accordance with the Surrogate Court Rules (Alta. Reg. 130/95),”.*

*(69) Section 285(2) is amended by striking out “A court” and substituting “The Surrogate Court”.*

(65) Section 279 presently reads:

*279(1) On making a declaration under section 277 or 278, the Court may make any order respecting the payment of the insurance money and respecting costs that it considers just and, subject to section 281, a declaration or direction or order made under this subsection is binding on the applicant and on all persons to whom notice of the application has been given.*

*(2) A payment made under an order made under subsection (1) discharges the insurer to the extent of the amount paid.*

(66) Section 280 presently reads:

*280 Unless the Court otherwise orders, an application made under section 277 or 278 operates as a stay of any pending action with respect to the insurance money*

(67) Section 282 presently reads:

*282 If the Court finds that the evidence furnished under section 272 is not sufficient or that a presumption of death is not established, it may order that the matters in issue be decided in an action brought or to be brought, or may make any other order it considers just respecting further evidence to be furnished by the claimant, publication of advertisements, further inquiry or any other matter or respecting costs.*

(68) Section 283 presently reads:

*283 When an insurer admits liability for insurance money and it appears to the insurer that*

*(a) there are adverse claimants,*

*(b) the whereabouts of a person entitled is unknown, or*

*(c) there is no person capable of giving and authorized to give a valid discharge therefor, who is willing to do so,*

*the insurer may, at any time after 30 days from the date of the happening of the event on which the insurance money becomes payable, apply to the Court ex parte for an order for payment of the money into court, and the Court may on such notice, if any, as it thinks necessary make an order accordingly.*

(69) Section 285(2) presently reads:

*(2) A court may, on the application of a beneficiary and on at least 10 days' notice, declare that in view of special circumstances*

*(a) the insurer may, with the consent of the beneficiary, commute instalments of insurance money, or*

*(70) Section 287 is amended by striking out “the Court” and substituting “the Surrogate Court, in accordance with the Surrogate Court Rules (Alta. Reg. 130/95),”.*

*(71) Section 288 is amended by striking out “Court” and substituting “Surrogate Court”.*

*(72) Section 289(3) is amended by striking out “the Court” and substituting “the Surrogate Court”.*

*(73) Section 441(b) is repealed.*

*(74) Section 442(2) is repealed.*

*(75) The following is added after section 442:*

Formation of  
fraternal  
societies

**442.1** No fraternal society shall be incorporated or continued under the laws of Alberta.

Licensing of  
non-Alberta  
societies

**442.2** No fraternal society shall be licensed unless the society is

(a) a Canadian authorized company, or



*(b) the beneficiary may alienate or assign his interest in the insurance money.*

(70) Section 287 presently reads:

*287 If an insurer does not within 30 days after receipt of the evidence required by section 272 pay the insurance money to some person competent to receive it or into Court, the Court may, on application of any person, order that the insurance money or any part thereof be paid into Court, or may make any other order as to the distribution of the money that it considers just, and payment made in accordance with the order discharges the insurer to the extent of the amount paid.*

(71) Section 288 presently reads:

*288 The Court may fix, without taxation, the costs incurred in connection with an application or order made under section 283 or 287, and may order them to be paid out of the insurance money or by the insurer or the applicant or otherwise as it considers just.*

(72) Section 289(3) presently reads:

*(3) No order is necessary for payment into Court under subsection (1), but the clerk of the Court or other proper officer shall receive the money on the insurer filing with him an affidavit showing the amount payable and the name, date of birth and residence of the minor, and on the payment being made the insurer shall forthwith notify the Public Trustee and deliver to him a copy of the affidavit.*

(73) Section 441(b) presently reads:

*441 In this Part,*

*(b) "rates of contribution" means the regular net premiums, dues, rates or contributions receivable from the members for the purpose of the payment at maturity of the society's certificates or contracts of insurance;*

(74) Section 442(2) presently reads:

*(2) Sections 464 to 475 do not apply to a fraternal society the membership of which is limited by its constitution or laws to municipal or government employees.*

(75) Formation of fraternal societies; licensing of non-Alberta societies.

- (b) an extra-provincial company that has been licensed as a fraternal society from December 31, 1995 to the time that the licence is issued.

*(76) Section 443 is repealed.*

*(77) Section 444(d) to (g) are repealed.*

(76) Section 443 presently reads:

*443 No fraternal society shall be licensed*

- (a) if it undertakes insurance contracts with persons other than its own members,*
- (b) except as provided in section 480*
  - (i) if it insures or indemnifies against contingencies other than sickness, accident, disability, death or funeral expenses, or*
  - (ii) if the sum or sums payable on the death of any one person, other than a funeral benefit, exceed \$10 000,*
- (c) if it has on its books less than 75 members in good standing,*
- (d) if it is in effect the property of its officers or collectors, or of any other person for his own benefit, or is conducted as a mercantile or business enterprise, or for the purpose of mercantile profit, or if its funds are under the control of persons or officers appointed for life and not under that of the insured, or*
- (e) if it is a fraternal society that has not been authorized to carry on business in Alberta before April 8, 1926, unless the society files with the Superintendent a declaration of its actuary in the form and to the effect required by section 464.*

(77) Section 444 presently reads:

*444 The following shall not be deemed to be fraternal societies within the meaning of this Part nor shall they be required nor are they entitled to be licensed as such:*

- (a) societies known as mutual benefit societies as defined in section 1 and subject to Part 14;*
- (b) a corporation not otherwise provided for in this Act that has by or under the authority of an Act of the Parliament of Canada created a fund for paying a gratuity on the happening of death, sickness, infirmity, casualty, accident, disability or any change of physical or mental condition;*

(78) *Sections 445 and 446 are repealed.*

- (c) *a corporation not otherwise provided for in this Act that has by or under the authority of an Act of the Parliament of Canada an insurance and provident society or association, or an insurance or guarantee fund in connection with the corporation;*
- (d) *a corporation that undertakes or offers to undertake contracts of insurance*
  - (i) *other than with its own members, or*
  - (ii) *except as provided in section 480*
    - (A) *for more than \$10 000 payable on the death of any one member other than a funeral benefit, or*
    - (B) *for contingencies other than sickness, accident, disability, death or funeral expenses;*
- (e) *a corporation in which the insurance fund is used for the purposes of a mercantile or business enterprise, or for mercantile profit, or society formed on the lodge system, the insurance fund of which is held other than as a trust fund for the members insured;*
- (f) *a society in which the persons insured do not exercise, either directly or through representatives elected for a term not exceeding 4 years, effective control over the insurance fund of the society, or in which the officers or other persons having the disposition, control or possession of the insurance fund are elected or appointed for a longer period than 4 years;*
- (g) *any corporation that undertakes contracts of insurance but is not formed exclusively for that purpose, and that does not for the purposes of contracts of insurance keep distinct and separate funds, securities, books and vouchers.*

(78) Sections 445 and 446 presently read:

*445(1) Sections 443(c) and 444(d) do not apply to contracts guaranteeing the fidelity of officers, servants or employees of the branches or subdivisions of the corporation, and do not disentitle a fraternal society from receiving a licence if before January 1, 1926, it is bona fide transacting exclusively with its members endowment insurance in Alberta and if it has continued to do so up to the date of application for a licence.*

*(2) Section 443(c), in so far as it relates to annuities on lives, does not apply to and does not disentitle to a licence any society the membership of which is limited by its constitution or laws to municipal or government employees undertaking annuities on lives in the nature of old age pensions.*

*446(1) When 2 or more lodges or branches of a society, though separately incorporated, are under the financial or administrative control of a central governing body in Alberta, or an authorized*

(79) *Section 447 is repealed and the following is substituted:*

Policy

**447(1)** When a person becomes a member of a fraternal society, the society shall provide the member with a policy that contains or that has attached to it all the terms and conditions of the contract of insurance.

(2) A society that is licensed as a fraternal society when this section comes into force shall, within one year of this section coming into force, provide every member with a policy that contains or that has attached to it all of the terms and conditions of the contract of insurance with the policy, unless the member has previously received the policy.

(3) If the terms and conditions of the contract of insurance between a fraternal society and its members are changed, deleted or added to, the society shall as soon as practicable provide its members with a notice that contains the change, deletion or addition.

(4) A fraternal society may not enforce a term or condition of a contract of insurance to the prejudice of a member or a beneficiary unless

(a) a copy of the term or condition has been provided to the member, or

(b) the society has made reasonable attempts to provide a copy of the term or condition to the member.

(5) This section does not apply to a fraternal society that issues a group insurance policy to a person or entity representing the members of the society.

Group  
insurance  
policy

**447.1(1)** When a person becomes a member of a fraternal society that issues a group insurance policy to a person or entity representing the members of the society, the society shall provide the member covered under the group insurance policy with a summary of the insurance benefits provided by the policy.

(2) A society referred to in subsection (1) that is licensed as a fraternal society when this section comes into force shall, within one year of this section coming into force, provide every member with a summary of the insurance benefits, unless the member has previously received the summary.

*provincial representative of the society, the governing body if incorporated or the provincial representative of the society may, if the Superintendent thinks proper, be dealt with as the society.*

*(2) In the case of a fraternal society incorporated elsewhere than in Alberta the central governing or controlling body in Alberta if incorporated by virtue of the law of Alberta may, if the Superintendent thinks proper, be dealt with as the society.*

(79) Section 447 presently reads:

*447 A fraternal society shall*

- (a) with its application for a licence, file in the office of the Superintendent certified copies in duplicate of those articles or provisions of the subsisting constitution, by-laws or rules that contain material terms not set out in the instrument of contract adopted by the society, and*
- (b) from time to time file in the office of the Superintendent certified copies in duplicate of every amendment, revision or consolidation of those articles or provisions of the constitution, by-laws and rules within 30 days after the passing or adoption of the amendment, revision or consolidation.*

(3) If the benefits under a group insurance policy referred to in subsection (1) are changed, deleted or added to, the society shall as soon as practicable provide its members with a notice of the change, deletion or addition.

*(80) Sections 448 to 452 are repealed.*



(80) Sections 448 to 452 presently read:

*448(1) The Superintendent may, within 30 days after the date of the filing, take exception to any amendment or revision or any part thereof if, in his opinion, the amendment or revision or the part thereof is*

- (a) contrary to this Act,*
- (b) actuarially unsound,*
- (c) oppressive to, or discriminatory in application against, any class of the membership of the society, or*
- (d) unjust or unreasonable.*

*(2) If the Superintendent takes exception to any amendment or revision or any part thereof in accordance with this section, he shall forthwith notify the society in writing and give the reasons.*

*(3) The society or any person who considers himself aggrieved by the decision of the Superintendent may appeal to the Minister.*

*449 The original constitution, by-laws and rules, and any amendment, revision or consolidation to which the Superintendent does not take exception, or that after the Superintendent has taken exception has been further amended in accordance with the Superintendent's direction or has been approved and confirmed on appeal from the Superintendent as provided in section 448, shall be certified by the Superintendent to be passed by the society as filed.*

*450(1) The constitution, by-laws or rules and any amendment, revision or consolidation so certified shall be deemed to be the rules in force on and after the date of the certificate until a subsequent amendment, revision or consolidation is in like manner certified and filed, and so on from time to time.*

*(2) The consolidation, by-laws or rules and any amendment, revision or consolidation so certified are binding and obligatory on all members of the society and on all their beneficiaries and legal representatives and on everyone entitled to any benefit under any certificate of the society.*

*(3) Notwithstanding subsections (1) and (2), the failure of the Superintendent to take exception to any rule of the society or amendment or revision and his certifying and filing of it does not make valid any provision of any rule that is inconsistent with this Act.*

*(81) Section 453(1) is amended by striking out “25¢” and substituting “a reasonable fee”.*

*(82) Sections 454 and 455 are repealed.*

*(83) Section 456(1) is amended by striking out “within the preceding 12 months and of which at that date” and substituting “while the person was a member of the society and of which”.*

*451 Sections 447 to 450 do not apply to the constitution, by-laws and rules of a society or any amendment, revision or consolidation thereof passed and adopted by the society prior to April 8, 1926.*

*452 If, because of a provision in any of its rules, a society otherwise entitled to be licensed ought not in the opinion of the Superintendent to be licensed, it is not entitled to a licence until it has repealed or amended its rules in accordance with the direction of the Superintendent.*

(81) Section 453(1) presently reads:

*453(1) A copy of all rules of a society relating to its insurance contracts and to the management and application of its insurance funds shall be delivered by the society to any person requiring it, on payment of 25¢.*

(82) Sections 454 and 455 presently read:

*454(1) When by the constitution and rules of a society provision is made for the payment of an ascertained or ascertainable sum to a member of the society in the event of his becoming totally disabled, or of his reaching a stated age, or on the concurrence of both events, and whether the provision is combined with other life insurance or not, the society may with the approval of the Superintendent so amend its constitution and rules as to provide for the payment of the sum in equal consecutive annual instalments without interest, the payment of the instalments to be completed within a period not exceeding 10 years from the happening of the event.*

*(2) No person who has become entitled or might become entitled to an annual instalment shall receive payment of it unless at the maturity of each instalment he has continued to be a member of the society and has paid all dues and assessments adopted by the society.*

*(3) All amendments made, before or after the commencement of this section, by any society pursuant to the provisions of the constitution and rules are valid and binding on all its members and on all their beneficiaries and legal personal representatives and on everyone entitled, notwithstanding anything to the contrary in the instrument of incorporation of the society or the previous provisions of its constitution and rules.*

*(4) If a member of a society dies after becoming totally disabled or reaching the stated age, but before the payment of all instalments, the instalments unpaid form part of the insurance money or benefits payable on the death of the member.*

*455 No unmatured policy or contract of insurance creates any claim or liability against the society while a going society or against the estate of the society in a winding-up or liquidation, but in a winding-up or liquidation the insured or beneficiary for value under the unmatured policy or contract is entitled to share in the surplus assets of the society.*

(83) Section 456(1) presently reads:

*(84) Sections 457 to 460 and 462 to 482 are repealed.*

*(85) Section 485 is repealed and the following is substituted:*

By-laws and  
rules

**485** A mutual benefit society shall

- (a) with its application for a licence, file in the office of the Superintendent certified copies in duplicate of those articles or provisions of its subsisting constitution, by-laws or rules that contain material terms not set out in the instrument of contract adopted by the society, and
- (b) file in the office of the Superintendent certified copies in duplicate of every amendment, revision or consolidation of those articles or provisions of the constitution, by-laws and rules within 30 days after the passing or adoption of the amendment, revision or consolidation.

Amendment of  
by-laws

**485.1(1)** The Superintendent may, within 30 days after the date of the filing, take exception to any amendment or revision or any part of an amendment or revision if, in his opinion, the amendment or revision or part is

- (a) contrary to this Act,
- (b) actuarially unsound,
- (c) oppressive to, or discriminatory in application against, any class of the membership of the mutual benefit society, or
- (d) unjust or unreasonable.

**(2)** If the Superintendent takes exception to any amendment or revision or any part of an amendment or revision in accordance with this section, he shall forthwith notify the mutual benefit society in writing and give reasons.

**(3)** The mutual benefit society or any person who considers himself aggrieved by a decision of the Superintendent under this section may appeal to the Minister.

Certification of  
by-laws and  
rules

**485.2** The original constitution, by-laws and rules, and any amendment, revision or consolidation to which the Superintendent does not take exception, or that after the Superintendent has taken exception has been further amended in accordance with the Superintendent's direction or has been approved and confirmed on appeal from the

*456(1) The liabilities of a member under his contract shall at any date be limited to the assessments, fees and dues that became payable within the preceding 12 months and of which at that date notice had been given in accordance with the constitution and rules of the society.*

(84) Repeals sections regulating fraternal societies.

(85) Section 485 presently reads:

*485 Sections 446 to 452 apply, with all necessary modifications, to societies licensed under this Part.*

Superintendent as provided in section 485.1, shall be certified by the Superintendent to be passed by the society as filed.

By-laws and  
rules binding  
on society

**485.3(1)** The constitution, by-laws or rules and any amendment, revision or consolidation certified under section 485.2 are deemed to be the rules in force on and after the date of the certificate until a subsequent amendment, revision or consolidation is in like manner certified and filed, and so on from time to time.

(2) The constitution, by-laws or rules and any amendment, revision or consolidation certified under section 485.2 are binding on all members of the mutual benefit society and on all their beneficiaries and legal representatives and on everyone entitled to any benefit under any certificate of the society.

(3) Notwithstanding subsections (1) and (2), the failure of the Superintendent to take exception to any rule of the mutual benefit society or amendment or revision and his certifying and filing of it does not make valid any provision of any rule that is inconsistent with this Act.

Amendment of  
rules

**485.4** If a mutual benefit society otherwise entitled to be licensed ought not in the opinion of the Superintendent to be licensed because of a provision in any of its rules, the society is not entitled to a licence until it has repealed or amended its rules in accordance with the direction of the Superintendent.

(86) *Section 498 is repealed and the following is substituted:*

Guarantee  
fund

**498(1)** In addition to the reserve fund referred to in section 497, an exchange must maintain a guarantee fund in cash or approved securities in an amount that is not less than the amount that is sufficient to discharge all liabilities under policies written by the exchange plus

(a) in the case of a fire insurance exchange whose principal office is in Alberta, \$25 000,

(b) in the case of an automobile insurance exchange whose principal office is in Alberta,

(i) \$10 000 during its first year of operation, and

(ii) \$25 000 after the first year of its operation,

and

(86) Section 498 presently reads:

*498(1) Except as hereinafter provided, there shall also be maintained as a guarantee fund or surplus an additional sum, in excess of all liabilities, in cash or approved securities amounting to not less than \$50 000.*

*(2) In the case of a fire insurance exchange whose principal office is in Alberta, the guarantee fund or surplus referred to in subsection (1) shall not be less than \$25 000.*

*(3) In the case of an automobile insurance exchange whose principal office is in Alberta, the guarantee fund or surplus referred to in subsection (1) shall, during the first year of operation of the exchange, be maintained at an amount not less than \$10 000, and thereafter at an amount not less than \$25 000.*

(c) for all other exchanges, \$50 000.

(2) Cash or approved securities maintained in the reserve fund referred to in section 497 may not be included in the guarantee fund.

(87) *Sections 500 and 501 are repealed and the following is substituted:*

Approved  
securities

**500** In sections 497 and 498, “approved securities” means,

(a) in respect of an exchange that has its principal office in Alberta, investments that the exchange would be authorized to make if the exchange were a provincial company,

(b) in respect of an exchange that has its principal office in a province other than Alberta, investments that the exchange is authorized to make under the laws of that province, and

(c) in respect of an exchange that has its principal office outside of Canada, investments that the exchange is authorized to make under Part XIII of the *Insurance Companies Act* (Canada).

(88) *Section 509 is repealed and the following is substituted:*

Restricted  
certificate

**509** Notwithstanding anything in this Act, the Superintendent may issue a restricted certificate of authority to a transportation company, travel agency or automobile dealer authorizing it to act, by its employees in Alberta, as an agent for a licensed insurer with respect to one or more classes of insurance specified by the Superintendent.

(89) *Section 537 is repealed.*

(90) *Section 541(4)(a) and (11)(b) are amended by striking out “paid-up capital and unimpaired surplus” and substituting “capital”.*



(87) Sections 500 and 501 presently read:

*500 In sections 497 and 498, "approved securities" means securities the investment in which is authorized by section 95.*

*501 If the principal office of the exchange is in Alberta, the surplus insurance funds and the reserve fund of the exchange shall be invested in the class of securities authorized by section 95.*

(88) Section 509 presently reads:

*509 Notwithstanding anything in this Act, the Superintendent may issue a licence to a transportation company authorizing it, by its employees in Alberta, to act as an agent for a licensed insurer with respect to accident insurance and any other classes of insurance that he approves.*

(89) Section 537 presently reads:

*537(1) If the Superintendent*

- (a) refuses an application for a certificate or licence to act as an agent, adjuster or broker,*
- (b) suspends or revokes a certificate or licence of an agent, adjuster or broker, or*
- (c) levies a penalty under section 517(2) or 533(3) against the holder or a former holder of a certificate.*

*the Superintendent shall notify the person adversely affected by his decision in writing of his decision, stating his reasons for it.*



*(2) The person adversely affected by a decision referred to in subsection (1)(a), (b) or (c) may appeal the decision by serving the Minister with a notice of appeal within 30 days of being notified in writing of the decision.*

*(3) The Minister shall, within 30 days of being served with a notice of appeal under subsection (2), appoint an appeal board to hear the appeal.*

*(4) The Minister may set the time within which an appeal board is to hear an appeal and render a decision and may extend that time.*

*(5) A suspension, revocation or levy of a penalty by the Superintendent that is appealed under subsection (2) does not take effect until after the hearing and disposition of the appeal by the appeal board.*

*(6) An appeal board that hears an appeal under this section may, by order, either*

*(a) confirm the refusal, suspension, cancellation or levy of a penalty,*

*(b) order that the certificate of authority or licence be issued,*

*(c) cancel the revocation of the certificate of authority or licence or substitute a period of suspension,*

*(d) cancel or vary the suspension, or*

*(e) cancel the levy of a penalty or vary the time for its payment.*

*(7) An appeal board appointed under this section shall consist of the following members:*

*(a) a person (who is not the Superintendent, a representative of the Superintendent or a person who holds a certificate of authority or is licensed under this Act) who is designated as chairman of the appeal board by the Minister, and*

*(b) not less than 2 or more than 4 other persons who hold a certificate of authority or are licensed under this Act.*

*(8) The Minister may pay those fees and reasonable living and travelling expenses that he considers proper to the members of an appeal board.*

*(9) A person whose appeal is heard by an appeal board, or the Superintendent, may appeal the decision of the appeal board by filing an originating notice with the Court within 30 days of being notified in writing of the decision, and the Court may make any order that an appeal board may make under subsection (6).*

*(90) Section 541 presently reads in part:*

*(91) Section 545 is amended by striking out “paid-up capital and unimpaired surplus” and substituting “capital”.*

*(92) The Agricultural and Recreational Land Ownership (Consequential Amendments) Act, RSA 1980 (Supp) c2 is amended by repealing section 2 and substituting the following:*

*2(1) The Insurance Act is amended by this section.*

*(2) Section 35(1) is amended by adding the following after clause (c):*

*(c.1) if the insurer is a corporation, society or association, a document setting out any information respecting the members of the corporation, society or association that may be required by regulations under the Agricultural and Recreational Land Ownership Act and section 35 of the Citizenship Act*

*(4) On 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 Court in accordance with subsection (6).*

*(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 the regulations.*

(91) Section 545 presently reads:

*545 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, reinsurance or purchase will be in amounts which are approved by the Minister.*

(92) Amends unproclaimed amendment to Insurance Act in Revised Statutes of Alberta 1980 (Supp) c2.

(Canada) in the form and manner prescribed by those regulations;

(3) *Section 99(2) is amended by adding the following after clause (c.1):*

(c.2) be accompanied by any information respecting the members of the provincial company that may be required by regulations under the *Agricultural and Recreational Land Ownership Act* and section 35 of the *Citizenship Act* (Canada) in the form and manner prescribed by those regulations,

(93) *The Conflicts of Interest Act is amended in Part 3 of the Schedule by striking out “Appeal board under section 537 of the Insurance Act”.*

(94) *The Legal Profession Act is amended in section 119(7) by striking out “are permitted to invest under section 94 of the Insurance Act” and substituting “were permitted to invest under section 94 of the Insurance Act as it read on March 1, 1996”.*

(95) *The Insurance Amendment Act, RSA 1980 c11(Supp.), is repealed.*

(96) *Subsections (4)(c), (5), (7), (8), (12), (13), (14)(c), (21), (27), (28), (40), (55) to (61), (88), (89), (93) and (94) come into force on Proclamation.*

### **Loan and Trust Corporations Act**

Amends SA  
1991 cL-26.5

2(1) *The Loan and Trust Corporations Act is amended by this Act.*

(2) *Section 1(1) is amended by adding the following after clause (v):*

(v.1) “market conduct activities” means activities that are carried out in the course of or for the purpose of the marketing, sale or distribution to the public of, or the performance of, any of the fiduciary, financial or other services that a corporation offers to the public;

(3) *Section 31(1) is amended*

(a) *in clause (a) by striking out “sections 272 and 273” and substituting “section 273”;*

(b) *in clause (b) by striking out “requires in the administration of this Act” and substituting “is entitled to under this Act”.*

(93) Amends chapter C-22.1 of the Statutes of Alberta, 1991.

(94) Amends chapter L-9.1 of the Statutes of Alberta, 1990.

(95) Repeals unproclaimed amendments to the Insurance Act.

(96) Coming into force.

### **Loan and Trust Corporations Act**

**2**(1) Amends chapter L-26.5 of the Statutes of Alberta, 1991.

(2) Definition.

(3) Section 31(1) presently reads:

*31(1) Where an extra-provincial loan or trust corporation applies for registration, the application shall be accompanied by*

*(a) a consent in writing authorizing the Minister to conduct examinations under sections 272 and 273 at the head office of the corporation or any of its subsidiaries.*

*(4) Section 35 is amended*

- (a) in clause (b)(i)(A)(II) and (B) by adding “, taking into account the nature of the business that the corporation proposes to engage in, the expected volume of its business and any restrictions on its business” after “Minister”;*
- (b) by repealing clause (b)(i)(C) and substituting the following:*
  - (C) in the case of a provincial loan corporation or provincial trust corporation other than one to which paragraph (A) or (B) applies, is at least equal to the greater of*
    - (I) \$3 000 000 in the case of a provincial loan corporation and \$5 000 000 in the case of a provincial trust corporation, and*
    - (II) any greater amount required by the Minister, taking into account the nature of the business that the corporation proposes to engage in, the expected volume of its business and any restrictions on its business,*
- (c) in clause (b)(ii) by adding “in the case of a provincial corporation,” before “the corporation”;*
- (d) by adding the following after clause (c):*
  - (c.1) in the case of an extra-provincial corporation, unless the corporation satisfies the Minister that the corporation is authorized to engage in the activities of a trust corporation or loan corporation, as the case may be, in the jurisdiction in which the corporation was incorporated,*
  - (c.2) unless the corporation satisfies the Minister that it is a member of the Canada Deposit Insurance Corporation or has its deposits insured by another public agency prescribed by the Minister,*
- (e) in clause (e) by adding “in the case of a provincial corporation,” before “unless”.*



*wherever located, and at branches of the corporation,  
wherever located, and*

- (b) a written undertaking signed by the proper officers of the corporation that the corporation and its subsidiaries will provide to the Minister any information that the Minister requires in the administration of this Act and that the corporation will comply with the applicable provisions of this Act and with any terms, conditions and restrictions imposed on its registration.*

(4) Section 35 presently reads in part:

*35 Subject to section 36, the Minister shall reject an application for registration*

*(b) unless*

- (i) the amount of the corporation's stated capital account for issued common shares or the amount of any other prescribed capital account of the corporation, or a combination of those amounts.*

*(A) in the case of a trust corporation whose registration is going to be subject to a term, condition or restriction prohibiting it from carrying on the deposit-taking business and that is not wholly owned by a financial institution, is at least equal to the greater of*

*(I) \$2 000 000, and*

*(II) any greater amount required by the Minister,*

*(B) in the case of a trust corporation whose registration is going to be subject to a term, condition or restriction prohibiting it from carrying on the deposit-taking business and that is wholly owned by a financial institution, is at least equal to an amount required by the Minister, or*

*(C) in any other case is at least equal to the greater of*

*(I) \$3 000 000 in the case of a loan corporation and \$5 000 000 in the case of a trust corporation, and*

*(II) any greater amount required by the Minister,*

*and*

- (ii) the corporation has a capital base that is adequate, taking into account the nature of the business that it proposes to engage in, the expected volume of its*

*(5) Section 36 is amended*

*(a) in subsection (1) by striking out “Where” and substituting “Subject to subsections (1.1) and (1.2), where” and by adding “(c.1), (c.2),” after “(c),”;*

*(b) by adding the following after subsection (1):*

**(1.1)** Subsection (1) applies in respect of an extra-provincial corporation incorporated under the laws of Canada only where the matter giving rise to the Minister’s action relates to market conduct activities of the corporation.

**(1.2)** Subsection (1) applies in respect of an extra-provincial corporation incorporated under the laws of another province, but where the matter giving rise to the Minister’s action does not relate to market conduct activities of the corporation,

*business and any restrictions on its business, and that is in an amount that is at least equal to the corresponding capital account amount for that corporation required under subclause (i),*

*(e) unless it is shown to the satisfaction of the Minister that*

- (i) it is in the public interest to register an additional trust corporation or loan corporation,*
- (ii) the management is fit, both as to character and as to competence, to manage the corporation,*
- (iii) the capital structure and the rights, privileges, restrictions and conditions attaching to each class of shares are acceptable to the Minister,*
- (iv) each person who, immediately after the registration, will hold or beneficially own 10% or more of any class of the issued and outstanding shares of the corporation can demonstrate the adequacy of his financial resources and is fit as to character to hold or own those shares,*
- (v) each director is fit, both as to character and as to competence, to be a director of the corporation,*
- (vi) the depositors of the corporation will be adequately protected,*
- (vii) the proposed plan of operation of the corporation is feasible, and*
- (viii) the corporation intends to offer to the public the services set out in the application for registration and the applicant has the capability to provide those services,*

*or*

(5) Section 36(1) presently reads:

*36(1) Where the Minister is not satisfied as to any or all of the matters referred to in section 35(b), (c), (d), (e) or (f) or where for any other reason the Minister considers it appropriate to do so, the Minister may, instead of rejecting the application, approve the registration of the applicant*

- (a) as a corporation of a kind other than that for which the application for registration was made and subject to any terms, conditions and restrictions the Minister considers appropriate, or*
- (b) as the kind of corporation for which the application for registration was made but subject to any terms, conditions and restrictions the Minister considers appropriate.*

subsection (1) applies only if the Minister receives a request in writing from the government of the province in which the corporation was incorporated requesting that the action be taken and setting out the basis on which the action is requested.

*(6) Section 40(4) is repealed.*

*(7) Section 41 is amended*

*(a) in subsections (1) and (2) by striking out “registered” and substituting “provincial”;*

*(b) by adding the following after subsection (2):*

**(3)** A registered extra-provincial trust corporation shall maintain in Alberta or at another place in Canada consented to by the Minister full and adequate records relating to the fiduciary activities of the corporation.

*(8) Section 47 is amended*

*(a) in subsection (1) by adding “provincial” after “registered”;*

*(b) in subsection (4) by striking out “extra-provincial” and substituting “provincial”.*

(6) Section 40(4) presently reads:

*(4) A registered extra-provincial loan corporation and a registered extra-provincial trust corporation shall maintain at a place in Alberta designated by the directors a copy of its instrument of incorporation and its by-laws, and a copy of minutes and registers referred to in subsection (1)(b), (c) and (d).*

(7) Section 41 presently reads:

*41(1) In addition to the records described in section 40, a registered corporation shall maintain in Alberta or at another place in Canada consented to by the Minister*

- (a) adequate accounting records that will enable the Minister to determine the financial position of the corporation and whether it is in compliance with this Act and the regulations,*
- (b) records containing minutes of meetings and resolutions of the directors and every committee of directors,*
- (c) a record of all investments held by the corporation,*
- (d) copies of all returns to the Minister required by this Act or the regulations, and*
- (e) in the case of a trust corporation, full and adequate records relating to the fiduciary activities of the corporation.*

*(2) A registered corporation may keep at any place where it carries on business the parts of the accounting records that relate to the operations, business and assets and liabilities of the corporation carried on, supervised or accounted for at that place, but the corporation shall ensure that there is kept at the records office of the corporation or at another place authorized under this Part records that are adequate to enable the directors to ascertain the financial position of the corporation.*

(8) Section 47(1) and (4) presently read:

*47(1) A registered corporation shall send to the Minister a copy of every statement of a financial nature relating to the corporation that is furnished to its shareholders within 5 days after the furnishing of the statement to the shareholders.*

*(9) Section 189(2) is repealed and the following is substituted:*

**(2)** A registered trust corporation whose registration is subject to a term, condition or restriction prohibiting it from carrying on the deposit-taking business shall maintain its capital accounts at not less than the levels required under section 35(b).

*(10) Section 194(a), (c), (d) and (e) are repealed.*

*(11) Section 271 is amended*

*(a) in subsection (1) by striking out “The” and substituting “Subject to subsection (1.1), the”;*

*(b) in subsection (1)(a) by striking out “registered” and substituting “provincial”;*

*(c) by adding the following after subsection (1):*

**(1.1)** The Minister may exercise the power in subsection (1) in respect of an extra-provincial corporation only where the subject-matter of the examination or inquiries is a market conduct activity.

*(12) Section 272 is amended*

*(4) A registered extra-provincial corporation shall send to the Minister notice of any change in the membership of its board of directors within 30 days after the effective date of the change.*

(9) Section 189(2) presently reads:

*(2) A registered corporation shall maintain its capital base at not less than the levels required under section 35(b).*

(10) Section 194 presently reads in part:

*194 Except as permitted under this Act, no registered corporation shall*

*(a) carry on business as a securities dealer,*

*(c) carry on business as an investment counselling corporation, except insofar as is necessary to enable the corporation to exercise the fiduciary powers specified in section 183,*

*(d) carry on business as a portfolio management corporation, except insofar as is necessary to enable the corporation to exercise the fiduciary powers specified in section 183,*

*(e) carry on business as a mutual fund distribution corporation within the meaning of the regulations,*

(11) Section 271 presently reads in part:

*271(1) The Minister may, for any purpose related to an examination under this Part or for the purpose of inquiring or facilitating inquiries into*

*(a) a registered corporation's condition and ability to meet its obligations,*

*(b) the conduct by a registered corporation of its business or affairs, or*

*(c) any complaint made by a creditor of a registered corporation or a person for whom the corporation acts in a fiduciary capacity,*

*direct the corporation, a subsidiary of the corporation, a restricted party of the corporation, an individual who controls the corporation's holding body corporate, or a present or former director, auditor, officer, employee, agent, depositor, borrower or creditor of the corporation, its subsidiary or its holding body corporate to provide or produce, within a reasonable period of time that is stipulated in the direction, any information or document.*

(12) Section 272 presently reads:

- (a) in subsections (1) and (2) by striking out “registered” wherever it occurs and substituting “provincial”;*
- (b) by repealing subsection (3).*

*(13) Section 273 is amended*

- (a) in subsection (1) by striking out “The” and substituting “Subject to subsections (1.1) and (1.2), the”;*
- (b) by adding the following after subsection (1):*

**(1.1)** Subsection (1) applies in respect of an extra-provincial corporation incorporated under the laws of Canada only where the basis on which the Minister is taking action under that subsection relates to market conduct activities of the corporation.

**(1.2)** Subsection (1) applies in respect of an extra-provincial corporation incorporated under the laws of another province, but where the basis on which the Minister is taking action under that subsection relates to matters other than market conduct activities, subsection (1) applies only if the Minister has received a request in writing from the government of the province in which the corporation was incorporated requesting that the special examination be conducted and setting out the basis on which the special examination is requested.

*(14) Section 277 is amended by adding the following after subsection (1):*



*272(1) The Minister may examine any aspect of the business or affairs of a registered corporation or its subsidiaries in order to determine, for purposes related to the administration of this Act,*

- (a) the corporation's condition and ability to meet its obligations,*
- (b) whether the corporation is following sound business and financial practices,*
- (c) the procedures and standards of the management of the corporation, and*
- (d) whether or not the corporation is in compliance with this Act, the regulations, any order under this Act and any term, condition or restriction of registration.*

*(2) For the purposes of an examination under subsection (1), the Minister shall attend at the principal place of business of the registered corporation and may attend at any branch or office of the corporation.*

*(3) If the Minister is satisfied that an examination of a registered extra-provincial corporation conducted by the government of Canada or of any province of Canada, or an agency of any such government, complies with the standards required by the Minister for the examination of a registered corporation under this section, the Minister may accept that examination, in whole or in part, as if it were an examination conducted by the Minister under this section.*

(13) Section 273(1) presently reads:

*273(1) The Minister may, if satisfied that*

- (a) the business or affairs of a registered corporation or a subsidiary require investigation in order to safeguard the interests of the registered corporation's creditors or of persons for whom the registered corporation acts in a fiduciary capacity, or to safeguard the assets of the registered corporation or of a subsidiary, or*
- (b) the registered corporation or a subsidiary may have contravened this Act or the regulations,*

*order that a special examination of the matter specified in the order be made by a special examiner appointed by the Minister.*

(14) Section 277 presently reads:

**(1.1)** This section

- (a) does not apply in respect of an extra-provincial corporation incorporated under the laws of Canada, and
- (b) applies in respect of an extra-provincial corporation incorporated under the laws of another province only if the Minister receives a request in writing from the government of the province in which the corporation was incorporated requesting that an appraisal be conducted and setting out the basis on which the appraisal is requested.

*(15) Section 278 is amended by adding the following after subsection (1):*

**(1.1)** Subsection (1) applies in respect of an extra-provincial corporation incorporated under the laws of Canada only where the act or course of conduct relates to market conduct activities of the corporation.

**(1.2)** Subsection (1) applies in respect of an extra-provincial corporation incorporated under the laws of another province, but where the act or course of conduct relates to matters other than market conduct activities, subsection (1) applies only if the Minister has received a request in writing from the government of the province in which the corporation was incorporated requesting that the Minister act under this section and setting out the basis on which the action is requested.

*277(1) In this section, "lending value" means a percentage of the market value of real estate, not to exceed 75%, that a registered corporation has determined in accordance with its prudent investment standards to be appropriate in the circumstances.*

*(2) If, with respect to a registered corporation or its subsidiaries, the Minister considers that*

- (a) the value placed on any of the real estate owned by the corporation or any of its subsidiaries is too great,*
- (b) the amount secured by mortgage on any real estate, together with interest due and accrued on the mortgage, is greater than the lending value of the real estate, or that the real estate is not sufficient security for the loan and interest, or*
- (c) the market value of any other investment is less than the amount shown in the books of the corporation or any of its subsidiaries,*

*the Minister may require the corporation to secure an appraisal of the assets by one or more competent valuers, or the Minister may arrange for the appraisal at the expense of the corporation.*

*(3) Having regard to the appraised value, the Minister may*

- (a) substitute the appraised value of the assets for the corporation's valuation,*
- (b) write down the value of a loan referred to in subsection (2)(b) by such amount as the Minister considers appropriate, or*
- (c) recalculate the leverage ratio and risk weighted average ratio for the purposes of section 189,*

*and, where he takes such action, he shall direct the corporation to adjust the book value of the assets or the loan accordingly.*

*(15) Section 278 presently reads in part:*

*278(1) Where, in the Minister's opinion, a registered corporation or other person is committing any act or pursuing any course of conduct that*

- (a) is in contravention of this Act or the regulations,*
- (b) places the corporation in a position where it is carrying on business in an unsound manner,*
- (c) might reasonably be expected, if continued, to result in a state of affairs that would be in contravention of this Act or the regulations,*
- (d) is in contravention of a voluntary compliance program under section 279,*

*(16) Section 279 is amended by adding the following after subsection (1):*

**(1.1)** Subsection (1) applies in respect of a registered extra-provincial corporation only where the act or course of conduct relates to market conduct activities.

*(17) Section 280 is amended*

*(a) in subsection (1)*

*(i) in clauses (b) and (d) by striking out “registered” and substituting “provincial”;*

*(ii) by adding “or” at the end of clause (d) and repealing clause (e);*

*(b) by adding the following after subsection (1):*

**(1.1)** Where the authority to carry on business of a registered extra-provincial corporation incorporated under the

*(e) is in contravention of an undertaking given under this Act, or*

*(f) might prejudice or adversely affect the interests of depositors or of persons for whom the corporation acts in a fiduciary capacity,*

*the Minister may give notice to the corporation or other person of the Minister's intention to make a permanent order ordering the corporation or other person*

*(g) to cease doing any act or pursuing any course of conduct specified in the notice, or*

*(h) to perform acts specified in the notice that, in the Minister's opinion, are necessary to remedy the situation.*

(16) Section 279(1) presently reads:

*279(1) Where, in the Minister's opinion, a registered corporation or other person is committing any act or pursuing any course of conduct that*

*(a) is in contravention of this Act or the regulations,*

*(b) places the corporation in a position where it is carrying on business in an unsound manner,*

*(c) might reasonably be expected, if continued, to result in a state of affairs that would be in contravention of this Act or the regulations,*

*(d) is in contravention of an undertaking given under this Act, or*

*(e) might prejudice or adversely affect the interests of depositors or of persons for whom the corporation acts in a fiduciary capacity,*

*the corporation or other person may enter into a program of voluntary compliance related to the act or course of conduct.*

17) Section 280 presently reads:

*280(1) Where*

*(a) a registered corporation or other person denies the Minister or a person appointed by the Minister access to any information, records, documents or property that the Minister or the appointed person is authorized by this Act to have access to,*

*(b) the holding body corporate of a registered corporation fails to forward to the Minister its financial statements and auditor's report in accordance with a notice under section 46(5),*

laws of Canada has been revoked or suspended under a law of Canada, the Minister shall revoke the registration of the corporation or suspend it on the same conditions.

(1.2) Where the authority to carry on business of a registered extra-provincial corporation incorporated under the laws of another province has been revoked or suspended under the laws of the province in which the corporation was incorporated, the Minister shall revoke the registration of the corporation or suspend it on the same conditions.

(1.3) Where, under the laws of the province in which an extra-provincial corporation was incorporated, terms, conditions or restrictions have been imposed on the extra-provincial corporation's authority to carry on business, the registration of the corporation in Alberta is deemed to be subject to the same terms, conditions or restrictions unless the Minister orders otherwise under subsection (1.4).

(1.4) Where the Minister suspends a corporation's registration under subsection (1.2) or where subsection (1.3) applies, the Minister may make any modifications to the terms, conditions or restrictions imposed under the laws of the other jurisdiction that the Minister considers necessary to take into account circumstances in Alberta.

(c) *in subsection (2) by striking out "subsection (1)" and substituting "subsection (1), (1.1), (1.2) or (1.4)" and by striking out "registered";*

(d) *in subsections (4), (5) and (6) by striking out "registered".*

(18) *Section 282 is amended*

(a) *in subsection (1) by striking out "The" and substituting "Subject to subsections (1.1) and (1.2), the";*

(b) *by adding the following after subsection (1):*

- (c) *a registered corporation or other person contravenes*
  - (i) *an order of the Minister,*
  - (ii) *a decision of a review board under section 266, or*
  - (iii) *an order of the Court under section 268 or 283,*
- (d) *grounds exist for the possession and control of a registered corporation by the Minister,*
- (e) *a registered corporation's authority to carry on business has been cancelled or suspended, or terms or conditions have been imposed on its authority to carry on business, under a law of Canada or of any province of Canada, or*
- (f) *a registered corporation does not, for a period of 5 years or more,*
  - (i) *engage in the deposit-taking business, or*
  - (ii) *in the case of a trust corporation, carry on any of the activities referred to in section 183(1),*

*the Minister may revoke or suspend the registration of the corporation, or impose terms, conditions or restrictions on its registration.*

*(2) Where the Minister proposes to act under subsection (1), he shall give notice of his intention to act to the registered corporation.*

*(3) Section 278(2) and (4) to (11) apply where the Minister gives a notice under subsection (2) of this section.*

*(4) The Minister shall publish in The Alberta Gazette notice of an order under this section revoking or suspending the registration of a registered corporation.*

*(5) Where the Minister revokes the registration of a registered corporation under this section, the corporation shall cease to carry on business in Alberta, except so far as is necessary for the winding-up of its business in Alberta.*

*(6) Where the Minister suspends the registration of a registered corporation under this section, the corporation shall cease to carry on business in Alberta in accordance with the terms and conditions set out in the suspension.*

(18) Section 282(1) presently reads:

*282(1) The Minister may,*

- (a) where he is about to order an examination under section 273 or 275 or during or after such an examination,*
- (b) where he is about to revoke or suspend or has revoked or suspended the registration of a registered corporation,*  
*or*

(1.1) Subsection (1) does not apply in respect of an extra-provincial corporation incorporated under the laws of Canada.

(1.2) Subsection (1) applies in respect of an extra-provincial corporation incorporated under the laws of another province only if the Minister receives a request in writing from the government of the province in which the corporation was incorporated requesting that the Minister act under this section and setting out the basis on which the action is requested.

(19) *Section 284 is amended*

(a) *in subsection (1) by striking out “Notwithstanding any other provision of this Act” and substituting “Subject to subsections (1.1) and (1.2)”;*

(b) *by adding the following after subsection (1):*

(1.1) Subsection (1)(a) applies in respect of an extra-provincial corporation incorporated under the laws of Canada only where the matter giving rise to the Minister’s action relates to market conduct activities of the corporation.

(1.2) Subsection (1)(a) applies in respect of an extra-provincial corporation incorporated under the laws of another province, but where the matter does not relate to market conduct activities of the corporation, subsection (1) applies only if the Minister receives a request in writing from the government of the province in which the corporation was incorporated requesting that the action be taken and setting out the basis on which the action is requested.

(20) *Section 313 is amended by striking out “registered” and substituting “provincial”.*



*(c) where proceedings in respect of a contravention of this Act or the regulations are about to be or have been instituted against a registered corporation or other person that, in the Minister's opinion, are connected with or arise out of any business conducted by the corporation or other person,*

*by any method that provides a written or printed copy,*

*(d) direct any person having on deposit or under his control or for safekeeping any funds, securities or assets of the registered corporation or other person to hold the funds, securities or other assets, or*

*(e) direct the registered corporation or other person*

*(i) to refrain from withdrawing such funds, securities or assets from any person who has them on deposit or under his control or for safekeeping, or from otherwise dealing with them, or*

*(ii) to hold all funds, securities or assets in its or his control*

*until the Minister in writing revokes the direction or consents to the release of the funds, securities or assets.*

(19) Section 284(1) presently reads:

*284(1) Notwithstanding any other provision of this Act, the Minister, without holding a hearing, may*

*(a) order that a registered corporation's registration shall be subject to any terms, conditions and restrictions that are set out in the order, or*

*(b) in the case of a provincial corporation, take possession and control of the assets of the corporation,*

*where, in the opinion of the Minister, one or more of the following circumstances exist:*

(20) Section 313 presently reads:

*313 Where a registered corporation has, in accordance with the regulations, paid over unclaimed deposits to the Government, the Government may, in accordance with the regulations, pay from the General Revenue Fund the deposits so received to the persons who establish that they are entitled to them.*

*(21) Section 325(1) is amended*

- (a) in clause (s) by striking out “, agents” wherever it occurs and by striking out “registered” and substituting “provincial”;*
- (b) in clause (t) by adding “, including requiring that agents be bonded” after “its agents”;*
- (c) by repealing clause (z) and substituting the following:*
  - (z) requiring and respecting the provision of information to security holders of a provincial corporation;*
  - (z.1) requiring and respecting the provision of information to persons on whose behalf a registered corporation holds securities of a body corporate as fiduciary or agent;*
- (d) in clause (aa) by striking out “registered” and substituting “provincial”;*
- (e) in clause (gg) by striking out “registered” and substituting “provincial”.*

*(22) This section comes into force on Proclamation.*

(21) Section 325 presently reads in part:

*325(1) The Lieutenant Governor in Council may make regulations*

- (s) requiring the bonding of directors, officers, agents and employees of a registered corporation and insurance coverage for those directors, officers, agents and employees and for property of the corporation or property held by it;*
- (t) governing the activities of a registered corporation in dealing with persons who act as agents for the corporation and governing the relationships between the corporation and its agents;*
- (z) requiring and respecting the provision of information to security holders of a registered corporation and to persons on whose behalf a registered corporation holds securities of a body corporate as fiduciary or agent;*
- (aa) respecting the treatment by registered corporations of unclaimed deposits;*
- (gg) respecting the transmission of information and access to information between the Minister and the auditors, directors, officers and audit committees of registered corporations;*

(22) Coming into force.