

# BILL

No. 15 of 1917.

An Act to incorporate the Farmers' Fire and Hail Insurance Company.

(Assented to \_\_\_\_\_, 1917.)

**WHEREAS** Matthew Pitt Johnston, insurance broker and farmer; Gerald Furby Bletcher, banker; Clarence Erving Prosser, insurance broker and farmer; Orrin B. Edgett, stenographer, all of the City of Lethbridge, in the Province of Alberta, have presented a petition praying for the incorporation of 'The Farmers' Fire and Hail Company;

And whereas it is expedient to grant the prayer of the said petitioners;

Therefore His Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

1. The persons hereinbefore named and all such persons as shall become shareholders of the said company shall be and are hereby constituted and declared to be a body corporate and politic in law and in fact under the name and style of "The Farmers' Fire and Hail Insurance Company," for effecting insurance in the Province of Alberta or elsewhere in the Dominion of Canada against losses by fire, lightning, hailstorms and tornado, and for effecting live stock insurance, accident insurance, automobile insurance, liability insurance, fidelity insurance, guarantee insurance, burglary insurance, inland marine insurance, inland transportation insurance, plate glass insurance, and sickness insurance, and doing all things appertaining thereto or connected therewith, and as such to have perpetual succession with a corporate seal and power from time to time to make, alter, break or change the same, and shall be capable in law of contracting and being contracted with, of suing and being sued, of pleading and being impleaded with in any court of law or equity.

2. The capital stock of the company shall be five hundred thousand dollars, divided into five thousand shares of one hundred dollars each:

Provided that the company may increase its capital stock from time to time to an amount not exceeding one million dollars by resolution of the directors sanctioned by a two-thirds vote of a general meeting of the shareholders duly called for that purpose and by filing with the registrar of joint stock companies a certified copy of such resolution accompanied by such fees as would require to be paid for the increase of capital of a company under *The Companies Ordinance*.

3. The chief place of business of the company shall be in the City of Lethbridge, in the Province of Alberta, but may be changed from time to time to such other place in the said province as may be designated by by-law:

Provided, however, that such by-law shall be of no effect until it shall have been duly passed by the board of directors and sanctioned by the shareholders at an annual general meeting or a special meeting to be expressly convened for that purpose, notice whereof has been subsequently given in two consecutive issues of *The Alberta Gazette*.

4. For the purpose of organizing the said company the persons named in the preamble to this Act shall be the provisional directors thereof; and they or a majority of them may prepare and issue prospectus and do other preliminary acts and cause stock-books to be opened at the chief place of business of the company and elsewhere at the discretion of the said provisional directors, which shall remain open as long as they may deem necessary; and the provisional directors are hereby authorized to receive from the shareholders a deposit of not less than ten per cent. on the amount of the stock subscribed by them respectively, and to pay all costs and expenses incurred in the application for and obtaining this Act of incorporation; so soon as the directors shall have been elected as hereinafter provided the powers and functions of the provisional directors shall cease and determine. The money paid in shall be deposited in some chartered Canadian bank and withdrawn only for the purposes of the company.

5. When one hundred thousand dollars of the said stock shall have been subscribed as aforesaid and twenty thousand dollars of the amount so subscribed paid in the provisional directors may call a general meeting of the shareholders at the chief place of business of the company, giving ten days' notice of the time and place where such meeting is to be held in some newspaper published in the City of Lethbridge and by sending to each shareholder a copy of said notice by registered mail, at which general meeting the shareholders present in person or represented by proxy shall elect in the manner hereinafter provided a board of directors composed of not less than five nor more than nine duly qualified shareholders who shall hold office until their successors are elected.

6. This Act and the company hereby incorporated and the exercise of the powers hereby conferred shall be subject to the provisions of *The Alberta Insurance Act, 1915*, and to any general laws in force or that may hereafter be in force in the province respecting insurance companies.

7. The shares of capital stock of the said company subscribed for shall after the first payment of ten per cent. thereon be paid in by such instalments and at such times and places as the directors shall appoint:

Provided no such instalment shall exceed ten per cent. and not less than one month's notice of any calls upon stock shall be given; and trustees, executors, administrators, and curators paying instalments upon the shares of deceased shareholders shall be and are hereby respectively indemnified for paying the same.

8. If any shareholder shall refuse or neglect to pay any call upon the share or shares held by him for sixty days after the same shall become payable, the board of directors may by resolution declare such share or shares and all

amounts previously paid thereon to be forfeited to the said company and the same shall thereupon become so forfeited and may be sold by the directors:

Provided always that in case the money realized from such sale of share or shares be more than sufficient to pay all arrears and interest, together with the expense of such sale, the surplus of such money shall be paid on demand to the former shareholder and no more shares shall be sold than shall be necessary to pay all arrears due by said shareholder with interest and expense of sale:

Provided that in all actions or suits for the recovery of such arrears or calls it shall be sufficient for the company to allege that the defendant being the owner of such shares is indebted to the said company in such sum of money as the calls in arrears amount to for such sale and so many shares whereby an action has accrued to the company by virtue of this Act and on the trial in order to establish a *prima facie* case it shall be necessary only to prove that the defendant was an owner of the said shares in the company that the said calls were made and that notice was given, as directed by this Act, and it shall not be necessary to prove the appointment of the directors who made such calls or any other matter whatsoever that by this section specially required, and any copy or extract of any by-law, rule, regulation, or minute or of any entry in any book of the company certified to be a true copy or extract of any by-law, rule, regulation, minute or of any entry in any book of the company certified to be a true copy or extract under the hand of the president, or vice-president, the manager or secretary of the company and sealed with the corporate seal thereof shall be received in all courts and proceedings as *prima facie* evidence of such by-law, rule, regulation, minute or entry without further proof thereof and without proof of the official character or signature of the officer signing the same or of the corporate seal.

**9.** No transfer of any share of the capital stock of the said company shall be valid until entered in the books of the company according to such form as may be from time to time fixed by the by-laws; and until the whole of the subscribed stock of the company is paid up it shall be necessary to obtain the consent of the directors for the time being to such transfer being made:

Provided always that no shareholder indebted to the company shall be permitted to make a transfer or receive a dividend until such debt is paid or secured to the satisfaction of the directors; and no transfer of stock at any time shall be made until all calls thereon due up to the time of transfer shall have been made.

**10.** If payment of such arrears, calls, interest and expenses be made before any share so forfeited shall have been sold such share shall revert to the owner as if the same had been duly paid before the forfeiture thereof.

**11.** No shareholder shall be liable to any action for any debt, liability, or engagement of the said company by any creditor thereof before the execution against the company has been returned unsatisfied in whole or in part; and the amount due on such execution shall be the amount recoverable with costs against such shareholder.

Provided that any shareholder may plead by way of defence in whole or in part any set off which he could set

up against the company except the claim for unpaid dividends or salary or allowance as a president or director; and provided always that nothing in this section shall be construed to allay or diminish the additional liabilities of the directors of the company.

**12.** In the event of the property and assets of the said company being insufficient to liquidate its debts, liabilities, and engagements, the shareholders shall be liable for the deficiency but to no greater extent than the amount of the balance remaining unpaid upon their respective shares in the capital stock.

**13.** The company or directors shall not be bound to see to the execution of any trust either express, implied or constructive affecting any share or shares of its stock; and notwithstanding any such trust or any notice thereof to the company or directors the receipt of the person in whose name any share stands shall be sufficient discharge for any money paid in respect to such share or shares to the company.

**14.** The annual general meeting of the shareholders of the company shall be held at the chief place of business of the company in each year after the organization of the company and commencement of business on such day and at such hour as shall be appointed by by-law, ten days' notice of such meeting being given by mailing to each shareholder a written or printed notice of the meeting by registered letter addressed to the addresses of the shareholders respectively given in the books of the company.

**15.** Special general meetings of the shareholders may be called in such manner as may be provided by the by-laws and by giving not less than ten days' notice.

**16.** At all general meetings of the shareholders of the company the president or in his absence the vice-president, or in the absence of both of them a director chosen by the shareholders shall preside, who in case of an equality of votes shall give the casting vote in addition to his vote as a shareholder.

(2) Each shareholder shall be entitled to cast one vote for every share held by him for not less than fourteen days' notice to the time of voting and upon which all calls then due have been paid; such votes may be given either in person or by proxy, but the holder of such proxy must be a shareholder.

(3) All questions proposed for the consideration of the shareholders shall be determined by the majority of votes.

**17.** The stock, property, and affairs of the company shall be managed and conducted by a board of directors which shall consist of duly qualified shareholders (not less than five nor more than nine as may be provided by the by-laws).

At the first general annual meeting of the shareholders one-third of the directors (as near as may be) shall be elected by ballot to serve three years, one-third elected to serve for two years, and one-third to serve for one year. At each general meeting thereafter directors shall be elected to fill positions of the directors whose terms of office expire

at that date, and the directors so chosen, together with the directors who hold over shall constitute the board of directors for that year.

(2) No person shall be eligible or continue as a director unless he shall hold in his own name stock in the company to the amount of twenty-five shares on which not less than ten per cent. shall have been paid, and unless all calls on such stock shall have been paid, and if he is indebted in any manner to the company.

(3) The directors shall as soon as may be after their election from time to time as circumstances may require elect from among themselves a president and vice-president of the company who shall hold office until successors shall have been elected in like manner; the president, vice-president or any director may be appointed manager, or manager director of the company.

(4) Any vacancy happening amongst the directors by death, resignation or disqualification during their term of office shall be filled for the remainder of the term by the remaining directors or the majority of them electing in place of such director or directors a shareholder or shareholders eligible for election as directors.

(5) At all meetings of directors a majority of the full number of the directors of the company shall be a quorum for the transaction of business and all questions before them shall be decided by a majority of votes, each director present having one vote and in the case of a tie the chairman of the meeting in addition to his own vote, shall give the casting vote.

18. Subject to the provisions of this Act, the directors shall have full power and authority to make and from time to time to alter such by-laws, rules, regulations and ordinances as shall appear to them proper or needful touching the well ordering of the business of the company, the management and disposition of its stock, property, estate, and effects and in all things to administer the affairs of the company, and make or cause to be made for the company all contracts into which by law the company can enter; and may from time to time make by-laws regulating the allotment of stock, the making of calls thereon, the payment thereof, the issue and registration of stock certificates, the transfer of stock, the declaring and paying of dividends, the number and term of service of directors, the appointments, functions, duties, and removal of agents, officers, and servants of the company, the security to be given by them, their remuneration, and that, if any, of the directors, the time and place of annual meetings of the company, the calling of meetings of the board of directors, and meetings of the company, the requirements as to proxies, the procedure in all things at meetings, the imposition and recovery of all penalties, and forfeitures admitting of regulation by by-law and the conduct and management in all other particulars of the affairs of the company; and may from time to time repeal, amend, or re-enact the same.

Provided always that all such by-laws made by the directors as aforesaid shall be valid and binding only until the next annual general meeting of shareholders, unless they are then approved by such meeting, and shall thereafter have force and effect as so approved or modified at such meeting amended or altered.

**19.** In case it shall at any time happen that an election of directors of the said company should not be made on any day when it should have been under the provisions of this Act, the said company shall not thereby be or be deemed to have been dissolved; but the directors in office shall so continue until their successors have been duly elected.

**20.** The company shall have power to make and effect contracts of insurance with any person or persons, or bodies politic or corporate—

- (a) Against loss or damage by fire, lightning, rain, hail or wind to any houses, stores, factories, mills or other buildings whatsoever, or to any goods, chattels, bridges or personal effects whatsoever, or to any growing trees, shrubs or crops and to enter into contracts of sprinkler leakage insurance;
- (b) Against loss or damage by death, disease, fire, lightning or other accident or casualty to any live stock.
- (c) And without prejudice to the generality of the foregoing the company may carry on the business of fire insurance, accident insurance, sickness insurance, automobile insurance, live stock insurance, hail insurance, liability insurance, guarantee insurance, fidelity insurance, burglary insurance, inland marine insurance, inland transportation insurance, and plate glass insurance and any one or more of them, or all of them in all or any of their branches.

Subject to the provisions contained in section 6 of this Act, the meaning to be given to the various kinds of insurance herein referred to is as defined by *The Alberta Insurance Act, 1915*, all of which contracts of insurance may be made for such time or times, and for such premiums and considerations and under such modifications and restrictions and upon such conditions as are bargained and agreed upon and set forth by and between the company and insured and the company may do all things appertaining thereto or connected therewith.

(2) The company may also cause itself to be insured against any risks it may have undertaken in the course of its business.

(3) The company may also undertake the reinsurance of the risks of other companies.

(4) The company may also undertake to act as agents for or as representatives of other companies doing business of a like or similar nature.

**21.** The company shall have full power to acquire and hold real estate for the purpose of its business within this province and sell and dispose of the same and acquire other property in its place as may be deemed expedient, and further to take, hold and acquire all such lands and tenements, real or personal estate, as shall have been *bona fide* mortgaged to by way of security or conveyed to it in satisfaction of debts previously contracted in the course of its business or purchased for the purpose of avoiding a loss to the company in respect thereof or of the owner thereof and to retain the same for a period not exceeding five years from the acquisition thereof; and the company may invest its funds or any part thereof in any of the

public securities of the Dominion of Canada or any of the provinces thereof or in the stocks of any banks or in the bonds or debentures of any incorporated city, town, or municipality authorized to issue bonds or debentures or in any mortgages or loans upon the real estate or in real estate.

**22.** The company shall have power to amalgamate with or purchase the business of any other insurance company or to sell out or dispose of the business of the company to any other such company upon such terms and conditions as may be agreed upon, and as shall not impair the resources or remedy of any creditor or policy-holder of either company to the transaction; but before the completion of any such amalgamation, purchase or sale the same must be approved of by two-thirds of the votes of the shareholders at an annual general meeting or of a special general meeting called for the purpose; provided that such other company shall have full power to amalgamate with or purchase the business of any other company.

**23.** The company shall have power to take, purchase or otherwise acquire and hold shares in any other company having objects altogether or in part similar to those of this company or carrying on any business capable of being conducted so as directly or indirectly to benefit this company; to enter into any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise, with any company carrying on or engaged in any insurance business.

**24.** If authorized by a resolution sanctioned by a vote of a majority of the subscribed stock of the company present in a general meeting of the shareholders duly called, the directors may from time to time—

(a) Borrow money upon the credit of the company and give security therefor by bills of exchange or promissory notes, made, drawn, accepted or endorsed by or on behalf of the company;

(b) Hypothecate, mortgage or pledge the real and personal property of the company or both, to secure any such money borrowed for the purpose of the company.

**25.** The directors shall cause to be prepared and submitted to the shareholders at each annual general meeting a full and correct statement of the accounts of the company, a general abstract of the estimated liabilities and assets of the company.

**26.** One or more auditors shall be appointed by the shareholders at each annual general meeting whose report shall be embodied in the general statement of affairs of the company submitted to the shareholders, as provided in the next preceding section.

**27.** Subject to the provisions of this Act and to the approval of the Board of Public Utility Commissioners the directors shall have full power and authority to pay commissions not exceeding fifteen per cent. on the sale of the company's shares.

**28.** Section 31 of *The Companies Ordinance* shall apply to the company.

No. 15.

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FIFTH SESSION  
THIRD LEGISLATURE  
7 GEORGE V  
1917

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**BILL**

An Act to incorporate the Farmers  
Fire and Hail Insurance  
Company.

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Received and read the

First time.....

Second time.....

Third time.....

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