

BILL

No. 44 of 1918.

An Act to amend The Alberta Insurance Act.

(Assented to _____, 1918.)

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

1. *The Alberta Insurance Act*, being chapter 8 of the Statutes of Alberta, 1915, and amendments thereto, is hereby amended as follows:

1. Section 3, subsection 1 (*e*): By inserting the words "automobile, guarantee" after the words "plate glass" in said subsection.

2. Section 9: By repealing that portion of subsection 2 from the first to the word "its" in the third line thereof, inclusive, and substituting therefor the following:

"(2) A certified copy of power of attorney (in form prescribed by the Lieutenant Governor in Council, or to the like effect), with a certified copy of the duly signed consent of the party so appointed attached thereto, from the insurance corporation to a resident in the province upon whom any process in any action, suit or proceeding against the insurance corporation may be served. Said power of attorney shall be under the corporation's.

3. Sections 10, 11 and 12: By repealing same and substituting for said section 10 the following:

"10. After such certified copies are filed as aforesaid any process in any action against the insurance corporation may be served upon its attorney appointed pursuant to section 9 of this Act, and such service shall be deemed service upon the insurance corporation, and such attorney shall keep a record of the date and hour of the service upon him; provided, however, that nothing herein contained shall render invalid service in any other mode in which the insurance corporation may be lawfully served."

4. Section 17, subsection (1): By striking out all of said subsection after the word "thereof" and substituting therefor the following: "such fees as may be fixed by order of the Lieutenant Governor in Council."

5. By adding thereto the following sections:

"CONTRACTS OF HAIL INSURANCE.

"103. The liability of a company in respect to a contract of hail insurance shall commence at noon, standard time, of the day on which the application shall have been accepted by the head or branch office or general agency of the company in the province, and shall expire at noon, standard time, on the 15th day of September of the same year or on such later date in the year as may be provided by the contract.

"104. Should the crop insured be cut before the date of expiry of the contract the liability of the company under the contract shall cease at the time the grain is so cut.

"105. If the application for such insurance be declined by the company it shall within forty-eight hours of the receipt of the application at its head or branch office or

general agency in the province so notify the assured by registered letter directed to the address given in such application, failing which the company shall be deemed to have accepted the application.

“106. On the face of every policy of hail insurance there shall appear—

“1. The name of the insurer;

“2. The name of the insured;

“3. The name of the person or persons to whom the insurance money is payable;

“4. The premium or other consideration for the insurance;

“5. The subject matter of the insurance;

“6. The maximum amount or amounts which the insurer contracts to pay;

“7. The event on the happening of which payment is to be made;

“8. The term of the insurance;

“9. The name and address of the company's head or branch office or general agency in the province.

“107. Every company registered under *The Alberta Insurance Act* to undertake hail insurance in Alberta shall cause to be printed, stamped or written in plain letters across the face of every policy, or other insuring document, covering hail loss issued by or on behalf of such company on crops in Alberta, or which on the face of such policy or other insuring document are stated to be in Alberta, the words ‘Registered under *The Alberta Insurance Act*.’

“108. Any stipulation or term of the contract, other than those mentioned herein, if held by a court or a judge before whom a question relating thereto is tried to be not just and reasonable, shall not be binding upon the assured.

“109. The conditions set forth in schedule D to this Act shall as against the insurer be deemed to be part of every contract of hail insurance in force in Alberta, and shall be printed on every policy with the heading ‘Hail Insurance Conditions,’ and no stipulations to the contrary or providing for any variation, addition or omission shall be binding on the assured unless set forth in the manner prescribed by sections 110 and 111 of this Act:

“Provided that the provision herein as to printing conditions on the policies shall not be imperative until after the first day of January, 1919.

“110. If the insurer desires to vary the statutory conditions or to omit any of them, or to add any new conditions, there shall be added immediately after such conditions words to the following effect, which with any such variation, addition or reference to omissions, shall be printed in conspicuous type and in red ink:

““VARIATIONS IN CONDITIONS.

““This policy is issued on the above statutory conditions with the following variations, omissions and additions, which are by virtue of *The Alberta Insurance Act* in force so far only as they shall be held to be just and reasonable to be exacted by the company.’

“111. No such variation, omission or addition, unless the same is distinctly indicated and set forth in the manner above prescribed, shall be binding upon the assured.

“112. Any such variations, omissions or additions, unless held to be just and reasonable, shall be null and void.

“113. Sections 73, 74, 75 and 77 of this Act shall apply to contracts of hail insurance.

"PROVISIONS APPLICABLE TO COMPANIES HEREAFTER
INCORPORATED BY THE LEGISLATURE.

"114. Every special Act of the Legislature passed after the first day of January, 1918, for the incorporation of an insurance company shall be in the form of schedule E to this Act, and shall be read as if it contained the provisions hereinafter in this section set forth, and shall be construed having regard thereto.

"(2) The persons named as such in the special Act shall be the provisional directors of the company, a majority of whom shall be a quorum for the transaction of business. They shall remain in office until replaced by directors duly elected in their stead, and they may forthwith open stock books, procure subscriptions of stock for the undertaking, make calls on stock subscribed and secure payments thereon. They shall deposit in a chartered bank in Alberta all moneys received by them on account of stock subscribed or otherwise received on account of the company and may withdraw the same for the purposes of the company only and may do generally what is necessary to organize the company.

"(3) The directors may establish local advisory boards or agencies either within Alberta or elsewhere at such times and in such manner as they may deem expedient.

"(4) The capital stock of the company shall be divided into shares of one hundred dollars each.

"(5) The directors may, after the whole authorized capital stock of the company has been subscribed and fifty per cent. paid thereon in cash, increase the capital stock from time to time to an amount not exceeding the sum named for that purpose in the special Act; but the stock shall not be increased until a resolution of the board of directors authorizing such increase has been first submitted to and confirmed by two-thirds in value of the shareholders present or represented by proxy at a special general meeting of the members of the company duly called for that purpose.

"(6) As soon as the amount for that purpose mentioned in the special Act has been subscribed and ten per cent. of the said amount has been paid into some chartered bank in Alberta the provisional directors shall call a general meeting of the shareholders at some place to be named in the municipality where the head office of the company is situated; at which meeting the shareholders present or represented by proxy who have paid not less than ten per cent. of the amount of shares subscribed for by them shall elect the shareholders' directors in the case of a life company, and the ordinary directors in the case of a company other than a life company, as set forth in the next following section.

"(7) The shares of the capital stock subscribed for shall be paid by such instalments and at such times and places as the directors appoint; the first instalment shall not exceed twenty-five per cent. and no subsequent instalment shall exceed ten per cent., and not less than thirty days' notice of any call shall be given, and no call shall be made at a less interval than thirty days from the last preceding call.

"(8) The company shall not commence business until at least the amount of stock mentioned for that purpose in the special Act has been subscribed for, nor until at least the sum named for that purpose in the said special Act

has been paid in cash into the funds of the company to be appropriated only for the purpose of the company under the said special Act:

“Provided that stock upon which less than ten per cent. has been paid in cash by the subscriber shall not be reckoned as part of the stock mentioned in the special Act as necessary to be subscribed, nor shall any sum paid by any shareholder upon the shares subscribed for by him which is less than ten per cent. of the amount subscribed for by such shareholder be reckoned as part of the sum required to be paid thereon as in such special Act provided.

“(9) A general meeting of the company shall be called at its head office once in each year after the organization of the company and the commencement of business, and at such meeting a statement of the affairs of the company shall be submitted, and special general or extraordinary meetings may at any time be called by any three of the directors or by requisition of any twenty-five shareholders, specifying in the notice the object of the meeting.

“(10) The company may cause itself to be reinsured against any risk undertaken by it, and may reinsure any other company carrying on the same line of business as this company against any risk undertaken by such other company.

“DIRECTORS, THEIR ELECTION, DUTIES AND POWERS.

“**116.** (a) There shall be in the case of life insurance companies having a capital stock, whether called by the name of capital stock, guarantee fund or any other name, two classes of directors, namely: directors elected by the shareholders, herein called shareholders’ directors, and directors elected by the policyholders, herein called policyholders’ directors; but in the case of companies other than life companies having a capital stock there shall be only one class of directors, namely: directors elected by the shareholders, herein called ordinary directors.

“(b) No person shall be elected a shareholders’ director of a life company or an ordinary director of a company other than a life company unless he is a shareholder owning shares in a capital stock or guarantee capital, as the case may be, absolutely in his own right and not in arrears in respect of any calls thereon, and the majority of directors so elected shall at all times be persons resident in Alberta and subjects of His Majesty by birth or naturalization.

“(c) In the case of a company other than a life company there shall be elected at the first annual meeting and at each subsequent annual meeting a board of not less than nine nor more than fifteen directors, who shall hold office for one year but shall be eligible for re-election.

“(d) In the case of a life company there shall be elected at the first and second annual meetings not less than five nor more than nine shareholders’ directors, who shall hold office for one year but shall be eligible for re-election.

“(e) The manager of a company may be a director, but no agent or paid officer, other than the manager, shall be eligible to be elected as a director. The words ‘paid officer’ in this paragraph do not include the president and vice-president, or the president and first vice-president if there is more than one vice-president elected under the provisions of paragraph (j) of this section.

“(f) No person shall be eligible to be or become a shareholders’ director of a life company or an ordinary director of any other company unless he holds in his own name

and for his own use shares of the capital stock of the company to the amount of at least two thousand five hundred dollars, and has paid in cash all calls due thereon and all liabilities incurred by him to the company.

“(g) At all general meetings of a company each shareholder present in person or represented by proxy who has paid in cash all calls due upon his shares and all liability incurred by him to the company shall have one vote for each share held by him.

“(h) In the case of a life company every person whose life is insured under a participating policy or participating policies of the company for two thousand dollars or upwards upon which no premiums are due, whether such person is a shareholder of the company or not, herein called a participating policyholder, shall be a member of the company and be entitled to attend and vote at all general meetings of the company; but participating policyholders, as such, shall not be entitled to vote for the election of shareholders' directors:

“Provided, however, that in case of liquidation of the company, the policyholder as such member shall not be entitled to share in the distribution of the assets or be liable to be placed on the list of contributories. Every holder of a participating policy or policies of the company for four thousand dollars or upwards, exclusive of bonus additions, upon which no premiums are due, who is not a shareholder and who has paid premiums on such policy or policies for at least three full years, shall be eligible for election as a policyholders' director. The policyholders' directors shall meet with the shareholders' directors and shall have a vote on all business matters.

“(i) The election of directors shall be by ballot.

“(j) The directors shall elect from among themselves a president and one vice-president or more.

“(k) At all meetings of directors for the transaction of business a majority of the board shall be a quorum.

“(l) The company shall have a fixed time in each year for its annual meeting, and due notice of same shall be given at least fifteen days before in two or more daily newspapers published at or near the place where the head office of the company is situated and in the case of a life company such time shall be printed in prominent type on each renewal receipt issued by the company.

“(m) At the annual meeting no shareholder of the company other than a life company shall vote for more than the number of ordinary directors to be elected, and in the case of a life company no shareholder shall vote for more than the number of shareholders' directors to be elected, and no participating policyholder shall vote for more than the number of policyholders' directors to be elected.

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

“(o) Vacancies occurring in the board of directors may be filled for the remainder of the term by the directors from among the qualified shareholders or policyholders as the case may be.

“(p) If at any time an election of directors is not made, or does not take effect at the proper time, the company shall not be held to be thereby dissolved, but such election may take place at any general meeting of the company duly called for that purpose, and the retiring directors shall continue in office until their successors are elected.

“**116.** The directors may, in all things, administer the affairs of the company, and may make or cause to be made for the company any description of contract which the company may, by law, enter into.

“BY-LAWS.

“**117.** The directors may make by-laws not contrary to law, or to a special Act, or to this Act, for—

“(a) The regulating of the allotment of stock, the making of calls thereon, the payment thereof, the issue and registration of certificates of stock, the forfeiture of stock for nonpayment, the disposal of forfeited stock and the proceeds thereof, and the transfer of stock;

“(b) The declaration and payment of dividends;

“(c) The appointment, functions, duties and removal of all agents, officers and servants of the company, the security to be given by them to the company and their remuneration;

“(d) The time and place for the holding of the annual meeting of the company, the calling of meetings, regular and special of the directors and of the company, the requirements as to proxies, and the procedure in all things at such meetings;

“(e) The imposition and recovery of all penalties and forfeitures admitting of regulation by by-law;

“(f) The conduct in all other particulars of the affairs of the company.

“**118.** The directors may, from time to time, repeal, amend or re-enact any such by-law:

“Provided that every by-law, appeal, amendment or re-enactment, unless in the meantime confirmed at a general meeting of the company duly called for that purpose, shall only have force until the next annual meeting of the company, and in default of confirmation thereat shall from the time of such default cease to have force and effect.

“CAPITAL STOCK AND CALLS THEREON.

“**119.** The stock of the company shall be personal estate, and shall be transferable in such manner only, and subject to such conditions and restrictions as are prescribed by this Act, or by the special Act or the by-law of the company.

“**120.** If the special Act makes no other definite provision, the stock of the company shall be allotted at such time and in such manner as the directors, by by-law or otherwise prescribe.

“**121.** The directors of the company may call in and demand from the shareholders thereof respectively all sums of money by them subscribed at such times and places and in such payments or instalments as the special Act or this Act requires or allows.

“(2) Interest shall accrue and fall due at the rate of five per cent. per annum upon the amount of any unpaid call, from the day appointed for payment of such call.

“**122.** If, after such demand or notice as by the special Act or the by-laws of the company is prescribed, any call made upon any share or shares is not paid within such time as by such special Act or by-laws is limited in that

behalf, the directors, in their discretion, by resolution to that effect, reciting the facts and duly recorded in their minutes, may summarily declare forfeited any shares whereon such payment is not made.

“(2) Such shares shall thereupon become the property of the company, and shall be disposed of as the directors by by-law or otherwise prescribe.

“**123.** No share shall be transferable until all previous calls thereon have been fully paid, or until it is declared forfeited for nonpayment of a call or calls thereon.

“**124.** No salary, compensation or emolument shall be paid to any director of a provincial life insurance company for his services as such director unless authorized by a vote of the members, in the case of a mutual company, and by a vote of the shareholders and other members, if any, in the case of a company having capital stock. No salary, compensation or emolument shall be paid to any officer or trustee of any such company unless authorized by a vote of the directors, nor shall any salary, compensation or emolument amounting in any year to more than five thousand dollars be paid to any agent or employee unless the contract under which such amount becomes payable has been approved by the board of directors.

“BOOKS OF THE COMPANY.

“**125.** The company shall cause a book or books to be kept by the secretary, or by some other officer specially charged with that duty, wherein shall be kept recorded—

- “(a) The names, alphabetically arranged, of all persons who are or have been shareholders;
- “(b) The address and calling of every person while such shareholder;
- “(c) The number of shares of stock held by each shareholder;
- “(d) The amounts paid in and remaining unpaid, respectively, on the stock of each shareholder;
- “(e) All transfers of stock, in their order as presented to the company for entry, with the date and particulars of each transfer, and the date of the entry thereof; and
- “(f) The names, addresses and callings of all persons who are or have been directors of the company, with the several dates at which each became or ceased to be such director, and distinguishing, in the case of a life company, between shareholders' directors and policyholders' directors.

“**126.** The directors may allow or refuse to allow the entry in any such book or books of any transfer of stock whereof the whole amount has not been paid.

“**127.** No transfer of stock, unless made by sale under execution or under the decree, order or judgment of a court of competent jurisdiction, shall be valid for any purpose whatsoever until entry thereof has been duly made in such book or books, except for the purpose of exhibiting the rights of the parties thereto towards each other.

“**128.** Such books shall during reasonable business hours of every day, except Sundays and holidays, be kept open for the inspection of shareholders and creditors of the company and their personal representatives, and in the case of life companies, of the participating policyholders, at the head office or chief place of business of the company,

and every shareholder, creditor or personal representative and participating policyholder may make extracts therefrom.

“OFFENCES AND PENALTIES.

“**129.** Every director, officer or servant of the company who knowingly makes or assists in making any untrue entry in any book required by this Act to be kept by such company, or who refuses or wilfully neglects to make any proper entry therein, or to exhibit the same to the persons mentioned in section 128 hereof, or to allow the same to be inspected and extracts to be taken therefrom by such persons, is guilty of an indictable offence and liable to imprisonment for any term not exceeding two years.

“SHAREHOLDERS’ LIABILITY.

“**130.** Every shareholder shall, until the whole amount of his stock has been paid up, be individually liable to the creditors of the company to an amount equal to that not paid up thereon; but shall not be liable to an action therefor by any creditor until an execution against the company at the suit of such creditor has been returned unsatisfied in whole or in part.

“(2) The amount remaining unpaid by the shareholder on his stock shall be the maximum amount recoverable with costs from such shareholder.

“**131.** The shareholders of the company shall not, as such be held responsible for any Act, default or liability whatsoever of the company, or for any engagement, claim, payment, loss, injury, transaction, matter or thing whatsoever, relating to or connected with the company, beyond the amount of their respective shares in the capital stock thereof.

“**132.** No person holding stock in the company as an executor, administrator, tutor, curator, guardian or trustee shall be personally subject to liability as a shareholder; but the estate and funds in the hands of such person shall be liable in like manner and to the same extent as the testator, or intestate if living, or the minor, ward or interdicted person or the person interested in such trust fund if competent to act and holding such stock in his own name, would be liable.

“(2) No person holding stock in the company as collateral security shall be personally subject to liability as a shareholder; but the person pledging such stock shall be considered as holding the same and shall be liable as a shareholder accordingly.

“MEETINGS AND VOTING.

“**133.** In the absence of other provisions in that behalf in the special Act or in the by-laws of the company or in this Act, notice of the time and place for holding general meetings of the company shall be given at least ten days previously thereto in some newspaper published at the place in which the head office or chief place of business of the company is situated, or if there is no newspaper there published, then in the newspaper published nearest thereto.

“**134.** No shareholder who is in arrear in respect of any call shall vote at any meeting of the company.

“(2) In the absence of other provisions, in manner aforesaid, every shareholder shall be entitled to as many votes at all general meetings of the company as he owns shares in the company, and may vote by proxy.

“**135.** Every executor, administrator, tutor, curator, guardian or trustee shall represent the stock in his possession in his fiduciary capacity at all meetings of the company, and may vote as a shareholder; and every person who pledges his stock may, notwithstanding such pledge, represent the said stock at all such meetings, and vote as a shareholder.

“**136.** Shareholders who hold one-fourth part in value of the subscribed stock of the company may at any time by written requisition signed by them call a special general meeting of the company for the transaction of any business specified in such requisition, and in the notice made and given for the purpose of calling such meeting.

“**137.** Every contract, agreement, engagement or bargain made, and every bill of exchange drawn, accepted or endorsed, and every promissory note and cheque made, drawn or endorsed on behalf of the company by any agent, officer or servant of the company, in general accordance with his powers as such under the by-laws of the company, shall be binding upon the company.

“(2) In no case shall it be necessary to have the seal of the company affixed to any such contract, agreement, engagement, bargain, bill of exchange, promissory note or cheque, or to prove that the same was made, drawn, accepted or endorsed, as the case may be, in pursuance of any by-law or special vote or order.

“(3) The person so acting as agent, officer or servant of the company shall not be thereby subjected individually to any liability whatsoever to any third person therefor.

“TRUSTS.

“**138.** The company shall not be bound to see to the execution of any trust, whether express, implied or constructive, in regard to any share.

“(2) The receipt of the shareholder in whose name any share stands in the books of the company shall be a valid and binding discharge to the company for any dividend or money payable in respect of such share, and whether or not notice of such trust has been given to the company.

“(3) The company shall not be bound to see to the application of the money paid upon such receipt.

“LIABILITY OF DIRECTORS.

“**139.** If the directors of the company declare and pay any dividend when the company is insolvent, or any dividend the payment of which renders the company insolvent, or diminishes the capital stock thereof, they shall be jointly and severally liable, as well to the company as to the individual shareholders and creditors thereof, and, in the case of a life company, to the participating policyholders, for all the debts of the company then existing, and for all thereafter contracted during their continuance in office respectively:

“Provided that if any director present when such dividend is declared does forthwith, or if any director then absent does, within fourteen days after he becomes aware of such dividend being declared, publish a protest in at least three issues of any newspaper published at the place in which the head office or chief place of business of the company is situated, or if there is no newspaper there published, in at least three issues of the newspaper published nearest thereto, such director may thereby, and not otherwise, exonerate himself from the liability aforesaid.

“**140.** If any loan is made by the company to any director or officer of the company in violation of the provisions of this Act, all directors and other officers of the company who make the same or assent thereto shall be jointly and severally liable to the company for the amount of such loan, and also to third persons to the extent of such loan, with lawful interest for all debts of the company contracted from the time of the making of such loan to that of the repayment thereof.

“**141.** The directors of the company shall be jointly and severally liable to the clerks and servants thereof for all debts, not exceeding six months’ wages, due for services performed for the company whilst they are such directors respectively:

“Provided that no director shall be liable to an action therefor, unless the company is sued therefor within one year after the debt became due, nor unless such director is sued therefor within one year from the time when he ceased to be such director, nor unless an execution against the company at the suit of such clerk or servant is returned unsatisfied in whole or in part.

“(2) The amount unsatisfied on such execution shall be the amount recoverable with costs from the directors.

“USE OF FUNDS.

“**142.** The company shall not loan any of its funds to any director or officer thereof, except that a life insurance company may lend to any director or officer thereof on the security of the company’s own policies.

“PROCEDURE.

“**143.** The company may enforce payment of all calls and interest thereon, by action in any court of competent jurisdiction.

“**144.** In such action it shall not be necessary to set forth the special matter, but it shall be sufficient to declare that the defendant is a holder of one share or more, stating the number of shares, and is indebted to the company in the sum of money to which the calls in arrear amount, in respect of one call or more, upon one share or more, stating the number of calls and the amount of each call, whereby an action has accrued to the company under this Act.

“**145.** Service of any process or notice upon the company may be made by leaving a copy thereof at the head office or chief place of business of the company, with any adult person in charge thereof, or elsewhere with the president or secretary of the company.

“(2) If the company has no known office or chief place of business, and has no known president or secretary, the court may order such publication as it deems requisite to be made in the premises for at least one month, and in at least one newspaper, and such publication shall be deemed to be due service upon the company.

“**146.** Any description of action may be prosecuted and maintained between the company and any shareholder thereof.

“**147.** The company shall be subject to the provisions of any general Act for the winding-up of joint stock companies.

“EVIDENCE.

“**148.** A copy of any by-law of the company, under its seal, and purporting to be signed by any officer of the company, shall be received as *prima facie* evidence of such by-law in all courts of Alberta.

“149. All books required by this Act to be kept by the secretary or by any other officer of the company charged with that duty shall, in any suit or proceeding, be, as against the company or against any shareholder, *prima facie* evidence of all facts purporting to be therein stated.

“150. In any action by any company to enforce payment of any call or interest thereon a certificate under the seal of the company and purporting to be signed by any officer of the company to the effect that the defendant is a shareholder, that the call or calls have been made, to enforce payment of which or of any interest thereon such action has been brought, and that so much is due by him and unpaid thereon, shall be received in all courts as *prima facie* evidence.

“COSTS OF INCORPORATION.

“151. The entire cost of procuring the incorporation and subscription for stock shall be charged directly to the account of the shareholders and the amount thereof fixed by percentage on the capital stock or fixed in bulk and shown on the face of the form of the stock subscription contract, and shall not form a charge upon or be paid out of the paid-up capital nor from the insurance funds, nor be in any way chargeable directly or indirectly against the policyholders.

“INVESTMENTS.

“152. The surplus insurance funds and the reserve fund of a provincial insurance company shall be loaned or invested in the name of the company—

- “(a) In any securities in which, under *The Trustee Ordinance* trustees may invest trust funds;
- “(b) In first mortgages on improved farm lands in Canada up to sixty per cent. of their cash value, provided that the total amount so invested shall not exceed twenty per cent. of the total amount of funds invested by the company;
- “(c) In debentures of any municipal or school corporation in Canada;
- “(d) Subject to the approval of the Lieutenant Governor in Council, in terminating debentures of incorporated companies which have, in the Dominion of Canada, for the last preceding five consecutive years, been actually supplying gas, water, heat, light, power or electricity to the public or to any municipal corporation; or of steam, electric or street railway or telegraph or telephone companies in actual operation in Canada, but loans upon the security of or the investment in debentures of any of the companies mentioned in this clause shall not in the aggregate exceed one-fifth of the paid-up capital of the company; and
- “(e) In the case of a life company, in life or endowment policies or contracts issued by the company or by any other life company licensed to transact business in Canada.

“(2) Any uninvested money shall be kept on deposit in the name of the company in a post office savings bank or in a chartered bank of Canada.

“153. Any insurance corporation incorporated or registered under this Act may hold absolutely for its own use and benefit such real estate as is necessary for the transaction of its business, and when so authorized by the

Lieutenant Governor in Council, may acquire or construct a building larger than is required for the transaction of its business, and may lease any part of such building not so required and may hold such real estate as is acquired by it by foreclosure or in satisfaction of a debt, and may sell, mortgage, lease or otherwise dispose of the same; but the corporation shall sell any such last mentioned real estate within seven years after it has been so acquired, otherwise it shall be forfeited to His Majesty for the uses of Alberta.

“INVESTMENTS—ANNUAL REPORT.

“154. In his annual report prepared for the Treasurer under the provisions of section 53 of this Act, the superintendent shall allow as assets only such of the investments of the several companies as are authorized by this Act, or by their Acts of incorporation, or by the general Acts applicable to such investments.

“(2) In his said report the superintendent shall make all necessary corrections in the annual statements made by the companies as herein provided and shall be at liberty to allow or disallow any asset other than an investment authorized by law to increase or diminish the liabilities of such companies to the true and correct amounts thereof as ascertained by him in the examination of their affairs at the head office thereof in Canada, or otherwise.

“(3) The superintendent may request any provincial company to dispose of and realize any of its investments acquired after the passing of this Act and not authorized by this Act, and the company shall within sixty days after receiving such request absolutely dispose of and realize the said investments, and if the amount realized therefrom falls below the amount paid by the company for the said investments, the directors of the company shall be jointly and severally liable for the payment to the company of the amount of the deficiency; provided that if any director present when any such investment is authorized does forthwith, or if any director then absent does, within eight days after he becomes aware of such investment, give notice of his protest by registered letter to the superintendent, such director may thereby, and not otherwise, exonerate himself from such liability.

“(4) An appeal shall lie in a summary manner from the ruling of the superintendent as to the admissibility of any asset not allowed by him, or as to any item or amount so added to liabilities, or as to any correction or alteration made in any statement, or as to any other matter arising in the carrying out of the provisions of this Act, to the Lieutenant Governor in Council, who shall have power to make all necessary rules for the conduct of appeals under this section.

“(5) For the purpose of such appeal the superintendent shall at the request of the company interested give a certificate in writing setting forth the ruling appealed from and the reasons therefor, which ruling shall, however, be binding upon the company unless the company shall within fifteen days after notice of such ruling serve upon the superintendent notice of its intention to appeal therefrom, setting forth the grounds of appeal, and within fifteen days thereafter file its appeal with the Lieutenant Governor in Council and with due diligence prosecute the same, in which case action on such ruling shall be suspended until the Lieutenant Governor in Council has rendered judgment thereon.

“REDUCTION AND SUBSEQUENT INCREASE OF CAPITAL.

“**155.** The directors of any provincial company may, subject to the proviso hereinafter contained, in the event of its paid-up capital being impaired, at any time and from time to time after being duly authorized and empowered by a resolution approved by the votes of shareholders representing at least two-thirds of all the subscribed stock of the company at a special general meeting duly called for considering such resolution, pass a by-law for writing off the said paid-up capital any amount which they have been so authorized and empowered by the shareholders as aforesaid to write off such paid-up capital, but no part of its assets shall be distributed to its shareholders; provided, however, that the paid-up capital shall not be reduced—

“(a) 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

“(b) Below the amount required by section 7 for the classes of insurance which the company undertakes.

“(2) 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.

“(3) Such 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.

“(4) The liability of the shareholders shall remain the same as if no reduction had been made in the paid-up capital stock of the company.

“AMALGAMATION AND TRANSFER.

“**156.** Any company incorporated by the Legislature may amalgamate its property and business with those of any other such company, or may transfer all or any portion of its contracts of insurance to or reinsure the same in any other such company, or any other company, and may transfer its property and business or any part thereof to any other such company, or any other company, and such companies are hereby authorized to enter into all contracts and agreements necessary to amalgamation, transfer or reinsurance upon compliance with the conditions hereinafter set forth.

“(2) Any such company may reinsure the contracts of insurance or any portion thereof of any other such company or any other company, or may purchase and take over the business and property or any portion thereof of any other such company or of any other company.

“(3) When an agreement for such amalgamation, transfer, reinsurance or purchase has been entered into by any such company, such company shall apply by petition to the Treasurer to sanction and confirm the same.

“(4) Notice of such company’s intention to apply for sanction and confirmation of such amalgamation, transfer, reinsurance or purchase shall be given in The Alberta Gazette at least thirty days before the application is made.

“(5) When such application is made, the companies which are parties to the agreement shall file with the Treasurer the following documents:

- “(a) Certified copies of the statement of the assets and liabilities of the companies concerned in such amalgamation, transfer, reinsurance or purchase;
 - “(b) A statement of the nature and terms of the amalgamation, transfer, reinsurance or purchase;
 - “(c) A certified copy of the agreement under which such amalgamation, transfer, reinsurance or purchase is effected;
 - “(d) Certified copies of the actuarial or other reports upon which such agreement is founded;
 - “(e) A declaration under the hands of the president and manager of each company that to the best of their knowledge and belief every payment made or to be made to any person whomsoever on account of the said amalgamation, transfer, reinsurance or purchase is therein fully set forth and that no other payments beyond those set forth have been made or are to be made either in money, contracts of insurance, bonds, valuable securities or other property, by or with the knowledge of any of the parties to the amalgamation, transfer, reinsurance or purchase.
- “(6) No such company shall amalgamate with another company, transfer its business to, reinsure its business in or purchase and take over the business and property, or any part thereof, of another company unless such amalgamation, transfer, reinsurance or purchase is sanctioned by the Treasurer in accordance with the provisions of this Act.
- “157. Any provincial company may by by-law, passed and approved of by the votes of the shareholders, representing at least two-thirds in value of the subscribed capital of the company, present or represented at a special general meeting duly called for considering the by-law—
- “(a) Change the head office of such company from any place in the province to any other place in the province;
 - “(b) Change the date for holding its annual general meeting.”

SCHEDULE D.

HAIL INSURANCE CONDITIONS.

(Section 109.)

1. If any person insures his crop and causes the same to be described as to location and acreage otherwise than as it really is, to the prejudice of the company, or misrepresents or omits to communicate any circumstance which is material to be made known to the company in order to enable it to judge of the risk it undertakes, such insurance shall be of no force with respect to the item of the application in regard to which there has been such misdescription, misrepresentation or omission.

2. A policy sent or delivered to the insured upon an application in writing shall be deemed to be intended to be in accordance therewith, unless the company forthwith gives notice to the insured in writing of the particulars wherein such policy and application differ. A policy issued on

a verbal application or verbal instructions shall be deemed to be in accordance therewith unless the insured notifies the company in writing, before any loss is incurred under the policy, of the particulars wherein the said policy and application or instructions differ.

3. No condition of the policy, either in whole or in part, shall be deemed to have been waived by the company, unless the waiver is clearly expressed in writing, signed by or on behalf of the company at its head office or general agency from which the policy was issued.

4. Any authorized officer or general agent of the company who, on behalf of the company, enters into a written agreement relating to any matter connected with an insurance shall be deemed *prima facie* to be the agent of the company for the purpose.

5. The company shall not be liable for the losses following, that is to say:

- (a) Loss from hail on any part of the acreage insured which is found to be less than five per cent. of the amount of insurance per acre, and in no case for any loss less than ten dollars, except where the acreage insured is forty acres or less;
- (b) Loss occasioned to the crops insured by causes other than hail, and where other causes than hail have contributed to the damage the company shall be liable only for so much of the loss as is directly attributable to hail;
- (c) Loss from hail to any portion of the insured crop which has been so injured by causes other than hail, or by being over-ripe, that such portion would not yield profit over and above the actual cost of cutting, threshing and marketing;
- (d) Loss arising from the neglect of the assured to cut, after it has been damaged by hail, any portion of the insured crop which is fully matured.

6. In the event of damage to the crops insured, the assured or his agent shall notify the company of the loss by registered letter mailed within three days of the occurrence of such damage and addressed to the company at its head office or general agency from which the policy was issued, stating the number of the policy, the day and hour of the storm and the estimated damage to each plot or item of the crop insured; provided that such notification may be delivered at such head office or general agency by the assured or his agent within such specified time.

7. A person claiming under a policy shall within thirty days after the occurrence of the loss, unless such time is extended in writing by the company, furnish a statutory declaration, hereinafter called proof of loss, setting forth the date and number of the policy, a description of the land upon which the grain was damaged, the date of the damage and the estimated percentage of damage sustained by each portion of the crop insured. If the insured fails to furnish proof of loss he shall forfeit any claim under the policy. No denial of liability or other act on the part of the company, save as hereunder mentioned shall be deemed to waive or dispense with proof of loss:

Provided that if the company within the said thirty days has adjusted the loss acceptably to the claimant and such adjustment has been duly signed by him, or if the amount of the loss has been determined by appraisal as

hereinafter provided, the company shall be deemed to have waived proof of loss, unless the same is requested by the company in writing.

8. Any fraud or false material statement in a statutory declaration in relation to any of the above particulars shall vitiate the claim of the person making the declaration.

9. Subject to condition 10, proof of loss must be made by the assured, although the loss is payable to a third person.

10. Proof of loss may be made by the agent of the assured, in case of the absence or inability of the assured himself to make the same, such absence or inability being satisfactorily accounted for, or in the like case or if the assured refuses to do so, by a person to whom any part of the insurance money is payable.

11. In the case of partial damage by hail the company shall pay the same percentage of the amount insured per acre as the portion of the crop destroyed or damaged bears to what would have been the amount of the whole crop had no damage by hail occurred, no account to be taken of the cost of cutting or threshing the portion not destroyed or damaged. On the remaining portion of the insured crop the residue of the insurance shall remain in force.

12. If the assured in his notice of loss calls for an adjustment and it is found that the company is not liable for any loss according to the conditions of his policy, the assured shall pay the expense incurred in the investigation of his claim.

13. If any portion of the crops insured herein is injured from causes other than hail, the assured may obtain a rebate of a *pro rata* proportion of the premium paid for the insurance on such portion, calculated as from the first day of June to the fifteenth day of September inclusive, provided notice of intention to plough under such crop is mailed by the assured to the company at its head office or general agency in the province, by registered letter accompanied by his policy not later than the twentieth day of July, specifying the acreage of the insured crop to be ploughed down, which shall be done not later than the tenth day of August next following the date hereof.

A statement of crop acreage so ploughed under shall be furnished the company by the assured not later than the twentieth day of August in the current year, on such form as may be required by the company. The insurance on the portion specified to be ploughed under shall terminate at 12 o'clock noon, standard time, of the day on which the first notice was mailed to the company.

No rebate shall be granted if the assured fails to observe the foregoing conditions, nor shall any rebate of premium be granted upon any portion of the crop that may be harvested.

14. In the event of a disagreement as to the percentage of damage by hail to any of the crop insured, whether the right to recover on the policy is disputed or not, such percentage shall, when so required by either party, be ascertained by an appraisal which shall be conducted as follows:

(1) The party desiring appraisal shall deliver or cause to be delivered by mail or otherwise to the other party a notice in writing requiring an appraisal to be made and appointing

a competent and disinterested appraiser who is a taxpayer in the province, who shall act either alone or with an appraiser chosen by the other party to estimate the percentage of the damage.

(2) Not later than three days after receipt of such notice the other party shall, if he disagrees, appoint an appraiser to represent him and, within the said period, shall notify the first party of such appointment by notice in writing so delivered as aforesaid.

(3) In the latter case the appraisers shall together estimate the percentage of damage, and failing to agree shall submit their differences to an umpire, and the award in writing of any two shall determine the percentage of such damage. Such umpire shall be chosen by the appraisers, or in case they cannot agree, then on the application of either appraiser, by a judge of the District Court of the judicial district within which the crop acreage insured lies.

(4) If one appraiser has been chosen both parties shall share equally his expenses, if two, each party shall pay the expense of the appraiser chosen by him; both parties shall bear equally the expense of the umpire if an umpire is required.

(5) Should either party after receipt of written notice from the other, neglect or refuse to choose an appraiser within the time above specified, the percentage of damage shall be estimated and determined by the appraiser chosen by the party giving notice.

(6) The actual appraisal of such damage shall be commenced within two days after both appraisers have been chosen, or after the expiration of the time herein allowed for such choice.

15. The loss shall be payable within sixty days after completion of proof of loss, unless a shorter period is provided for by the contract of insurance.

16. Every action or proceeding against the company for the recovery of any claim under or by virtue of this policy shall be absolutely barred, unless commenced within twelve months after the loss or damage occurs.

17. If the crop insured or the interest of the assured in such crop is assigned without the written permission of the head office or general agency of the company from which the policy was issued, such assignment shall not be binding on the company; but this condition does not apply to change of title by succession or by operation of the law, or by reason of death.

SCHEDULE E.

(Section 114.)

MODEL BILL.

For incorporation of Insurance Company.

An Act to incorporate the (*state name of the company*).

Whereas the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the said petition;

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

1. (*Insert names of not less than five persons of the full age of twenty-one years applying for incorporation*) together with such persons as become shareholders in the company, are incorporated under the name of (*state name of company*), hereinafter called "the company."

2. The persons named in section 1 of this Act (*or as the case may be*) shall be the provisional directors of the company (*the name, address and addition of each director must be given*).

3. The capital stock of the company shall be dollars, which may be increased to dollars.

4. The amount to be subscribed before the general meeting for the election of directors is called shall be dollars.

5. The company shall not commence business until the amount of the capital stock required by section 7 of *The Alberta Insurance Act* has been subscribed and paid.

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

7. The company may make contracts of insurance (*state particulars of the kinds of insurance intended to be carried on*).

8. Sections 55 to 60, both inclusive, of *The Companies Ordinance* and all amendments and alterations thereof shall be and the same are hereby incorporated with and shall be deemed a part of this Act and shall apply to the said company, excepting so far as the same may be inconsistent with the express enactments hereof, and the expression "this Act" when used herein shall be understood to include the sections of the said *The Companies Ordinance* as aforesaid.

9. *The Alberta Insurance Act* and amendments thereto shall apply to the company.

No. 44.

FIRST SESSION
FOURTH LEGISLATURE
8 GEORGE V
1918

BILL

An Act to amend The Alberta
Insurance Act.

Received and read the

First time.

Second time.

Third time.

HON. MR. MITCHELL.

EDMONTON:
J. W. JEFFERY, KING'S PRINTER
A.D. 1918