

BILL

No. 3 of 1919.

50-50 Mutual Hail Insurance Society.

(Assented to , 1919.)

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. The eleven persons hereinafter mentioned: Parker R. Reed, of Didsbury, Alberta, insurance manager; Allan MacDonald, of Lacombe, Alberta, real estate agent; Donald McArthur, of Sundre, Alberta, insurance agent; Harry E. Pearson, of Didsbury, Alberta, rancher; Albert C. Fisher, of Sundre, Alberta, rancher; Rufus J. Rollis, of Three Hills, Alberta, real estate agent and farmer; W. E. Nolan, of Knee Hill Valley, Alberta, rancher; Arthur Young, of Macleod, Alberta, insurance broker; Henry B. Atkins, of Didsbury, Alberta, dealer and rancher; Stewart Moore, of Innisfail, Alberta, agent and farmer; John Cusack, of Empress, Alberta, real estate agent and farmer, together with such persons as become members of the society, are incorporated under the name of "50-50 Mutual Hail Insurance Society."

2. The persons named in section 1 of this Act shall be the provisional directors of the society until the first general meeting of the society, which shall be held at a date to be fixed by the provisional directors between the 1st day of October, A.D. 1919, and 30th day of November, A.D. 1919.

3. The head office of the society shall be in the Town of Didsbury, in the Province of Alberta.

4. The society may make contracts respecting hail insurance in the Province of Alberta.

5. The corporate powers of the society may be exercised by the provisional board of directors prior to the date of

the first meeting of the society and thereafter by the successive boards of directors appointed by the members of the society.

6. Within one month after the passing of this Act, the provisional directors shall meet at such place as is fixed by them and appoint a president and vice-president from their own number and shall also appoint a secretary and treasurer and such other officers as may be required to hold office till after the first general meeting of the society, and shall also within such period prepare a tariff of rates for premium notes and for entrance fees and fixed annual payments to be paid or undertaken by members in exchange for the insurance policies of the society, and they shall adopt such other measures as will conduce to the establishment and furtherance of the society business, and shall also prepare such by-laws as they deem necessary to regulate the business of the society or for any other purpose to be submitted to the first general meeting of the society.

7. The affairs of the society shall be managed by a board of directors of not less than seven nor more than fifteen members, the majority of whom shall be British subjects, and all of whom shall be members of the society and holders of insurance therein.

8. The members of the society at any annual meeting of the society may select an advisory board of not less than ten nor more than fifteen members, the majority of whom shall be British subjects, but it shall not be necessary that a member of such board be a holder of insurance therein. If the advisory board is elected as aforesaid the members thereof shall be entitled to be present at the meetings of the board of directors but shall not be entitled to vote at such meetings.

9. The society may sue or be sued in any court under the corporate name; it may purchase, lease, hold, sell, convey or mortgage any real or personal property required for the business of the society or for the investment of any reserve fund or other moneys belonging to the society; it may also invest funds belonging to the society in the purchase of Dominion, provincial or municipal bonds or in such other securities or investments as are allowed by *The Alberta Insurance Act*, and it may appoint such officers or agents as the business of the society shall require and define their powers and duties and fix their remuneration and the amount of the security to be required of them; and it may make by-laws not inconsistent with this Act for the management of its business, the regulation of the

tariff of rates, the levying of assessments and the regulation of the terms and conditions of its insurance policies.

10. At the first meeting of the society a board of directors shall be elected from amongst the members, such board to consist of not less than seven nor more than fifteen members, and no member shall be elected as a director unless he is a holder of an insurance policy in the society.

11. The directors so elected shall hold office and enjoy all the powers exercised by the directors elected as herein-after provided until replaced or re-elected at the first annual meeting of the society.

12. In case an election of directors be not made on the day on which it ought to have been made the society shall not for this cause be dissolved, but the election may be held on any subsequent day at a meeting to be called by the directors for that purpose or as is otherwise provided for by the by-laws of the society, and in such case the directors shall continue to hold office until their successors are elected.

13. The board shall appoint a president and vice-president from their own number and may from time to time appoint a manager, a secretary and a treasurer, prescribe their duties, fix their compensation or allowances, take such security from them as may be required for the faithful performance of their respective duties and remove them and appoint others instead.

14. The said board may also adopt a tariff of rates for insurance and vary the same from time to time.

15. The board of directors may from time to time make and prescribe such regulations or by-laws as to them may appear needful and proper respecting the funds and property of the society, the duties of the officers, the effectual carrying out of the objects contemplated by the society, the holding of the annual meeting, and such other matters as appertain to the business of the society and are not contrary to law; and may from time to time alter and amend the said regulations and by-laws except in cases with regard to which such regulations and by-laws may not be repealed or where such repeal would affect the rights of others than the members of the society; in any of which cases such regulations or by-laws shall not be repealed.

16. Every by-law and every repeal, amendment or re-enactment thereof unless in the meantime confirmed at a general meeting of the society duly called for that purpose shall only have force until the next annual general meeting

of the society, and in default of confirmation thereat shall at and from that time cease to have force, and in that case no new by-law to the same or like effect shall have any force until confirmed at a general meeting of the society.

17. The board of directors shall superintend and have the management of the funds and property of the society and of all matters relating thereto not otherwise provided for.

18. The manager of the society may be elected also a director though he may not be a member and he may be paid an annual salary or he may be remunerated for his services in such other form as the other directors may determine.

19. The directors of the society shall hold office for a period of one year, but shall be eligible for re-election.

20. In the event of a quorum not being present at the annual general meeting of the society the retiring directors shall hold office until their successors are appointed, and the board shall convene another general meeting to be held within two months of the date of the annual general meeting.

21. In the event of a vacancy arising on the board of directors through the death, insolvency, disqualification or resignation of any of the directors or through the absence from three consecutive meetings of the board of any member without leave of the board which shall *ipso facto* vacate his office the vacancy so arising will be filled by the directors whose appointee shall hold office until the next general meeting of the society.

22. The board may issue debentures, mortgages or promissory notes in favour of any person, firm, company or banking institution for money borrowed and they may borrow money for the purposes of the society for any term not exceeding one year and on such conditions as to interest and mode of repayment as they may think proper, and they may renew such debentures, mortgages or promissory notes from time to time if necessary within the said term of one year.

23. The board shall not loan money to or borrow money from any director of the society.

24. The directors and members of the advisory board may be paid a reasonable allowance for travelling expenses

to attend the meetings of the board or to attend to the business of the society.

25. At any annual general meeting of the society it shall be lawful to vote to the directors or to the members of the advisory board or any of them for the preceding year such sum or sums of money as may be deemed reasonable remuneration for their services.

26. The society through its board of directors may admit as a member thereof any person having an insurable interest in any crop, by the issuance to such person of a policy of mutual hail insurance insuring such person against loss by hail, and every person so admitted shall be entitled to like rights and be subject to like liabilities as other members of the society.

27. Any member of the society may with consent of the directors at any time withdraw therefrom upon such terms as the directors may require in respect of his obligations to the society.

28. No member of the society shall be liable in respect of any loss or other claim or demand against the society otherwise than upon and to the extent of the amount unpaid upon his premium note or other undertaking.

29. Any member of the society for any particular year shall be entitled to vote at any general or annual meeting of the society held during that year or at any postponed annual meeting of that year.

30. At the first general meeting of the society the members shall appoint a board of directors of not less than seven nor more than fifteen duly qualified members of the society, and they shall also pass such by-laws as shall be necessary in the interests of the society and they may appoint auditors or other officers of the society.

31. The annual meeting of the members of the society shall be held in every year after the first general meeting as hereinbefore provided on the third Wednesday of November, at such time and place as may be prescribed by the directors or by the by-laws of the society. At such meeting in addition to the election of directors there shall be submitted and considered a report of the transactions of the society for the said year, together with a full statement of its affairs exhibiting in detail its receipts and expenditures and its assets and liabilities, and a report by the auditor or auditors of the society thereon.

32. A special meeting of the members shall be convened by the directors at the written request of ten members of the society, and the directors may themselves convene such a meeting when occasion requires; notice in either case shall be given in the manner hereinafter provided.

33. Notice of an annual or a special meeting of the society shall be published once a week for two consecutive weeks in one or more daily or weekly newspapers published and circulating in the district embraced in the operation of the society, the first publication to be made at least fourteen days previous to the date of the meeting; and in addition to the above, notice of any annual or special meeting shall be given by circular letter mailed by the secretary to the last postal address of each of the members at least fourteen days previous to the date of the said meeting.

34. Fifteen members actually present shall form a quorum at all meetings of the society and five directors shall be a quorum at all board meetings.

35. The treasurer, secretary or other officer having charge of the funds of the society shall give security to the satisfaction of the board of directors in an amount to be fixed by a general meeting or by the directors but not to be less than \$2,000.00 for the faithful discharge of his duties.

36. The society shall keep full and distinct records of all its business and transactions, including registers of all policies issued and premium notes and cash payments received in respect thereof; books of accounts showing all cash transactions and minute books and such other records as are usual and necessary to give a full and clear idea of the operations of the society, and these records shall be at all times accessible to any director or auditor of the society, or to any one having authority from a general meeting on their behalf to examine and report upon the same.

37. At the annual general meeting or at a special meeting of which due notice has been given, one or more auditors of the society may be appointed, who shall make periodical or special examination of the books of the society and report to the directors thereon, and who shall receive such remuneration as may be fixed by that or any other meeting of the directors of the society.

38. The directors of the society may make arrangements with any mutual or stock company carrying on business in the Dominion of Canada, or elsewhere, for re-insurance

of risks undertaken by the society on such terms and conditions as to premiums and rates of losses as may be arranged.

39. If the policy be cancelled or avoided by the society the liability of the insured on his premium note or undertaking shall cease from the date of such cancellation or avoidance on account of any loss that may occur to the society thereafter, but the party insured shall nevertheless be liable to pay his proportion of the losses and expenses of the society to the time of cancelling or avoiding the policy, and on payment of his proportion of all assessments then payable and to become payable in respect of losses and expenses sustained up to such period shall be entitled to a return of his premium note or undertaking and such proportion of the premium paid by him as shall not have been absorbed by the losses and expenses of the society up to such period; and a condition to this effect shall be endorsed on the policy.

40. The society may accept premium notes or the undertaking of the insured for insurance and may issue policies thereon, said notes or undertakings to be assessed for the losses and expenses of the society in manner hereinafter provided.

41. The directors may demand a part of the amount of the premium note or undertaking at the time that application for insurance is made, and such first payment may be in cash or by promissory note and may be credited upon said premium note or undertaking or against future assessments.

42. The directors may collect a portion of the premium in cash and take a premium note for the remainder thereof; and in case the amount so collected is more than sufficient to pay all losses and expenses during the continuance of the policy, then fifty per cent. of any such surplus shall become part of the reserve fund and the other fifty per cent. of any such surplus shall be returned *pro rata* to the members of the society for that year according to the premiums paid by the members for that year.

43. The directors may make assessments upon premium notes before losses have happened or expenses have been incurred, and any surplus from such assessment shall become part of the reserve fund.

44. All premium notes or undertakings belonging to the society shall be assessed under the direction of the board of directors at such intervals from their respective dates and for such sums as they may think necessary to meet

the losses and other expenditures of said society during the currency of the policies for which said notes or undertakings were given and in respect for which they are liable for assessment; and every member of the society or person who has given a premium note or undertaking shall pay the sums from time to time payable by him to the society during the continuance of the policy in accordance with such assessment; and any such assessment shall become payable in thirty days after notice of such assessment shall be mailed to such member or person who has given the premium note or undertaking directed to his post office address as given in his original application or in writing to the secretary of the society.

45. A notice of assessment upon any premium or undertaking mailed as aforesaid shall be deemed sufficient if it embody the number of the policy, the period over which the assessment extends, the amount of the assessment, the time when and the place where payable.

46. The assessment upon premium notes or undertakings shall always be in proportion to the amount of such notes or undertakings of the members.

47. If any member or other person who has given a premium note or undertaking shall for thirty days after notice of assessment shall have been mailed to him in manner aforesaid neglect or refuse to pay such assessment the society may sue for and recover the same with costs of suit.

48. Whenever any assessment is made on any premium note or undertaking given to the society for any risk taken by the society or as a consideration for any policy of insurance issued or to be issued by the society and an action is brought to recover such assessment, the certificate of the secretary of the society, specifying such assessment and the amount due to the society on such note or undertaking by means thereof shall be taken and received as *prima facie* evidence thereof in any court in the Province of Alberta.

49. If there is a loss on crop insured by the society the directors may retain the amount of the premium note given for insurance thereon until the time has expired for which insurance has been made, and at the expiration of the said time the assured shall have the right to demand and receive such part of the retained sum as has been assessed for or become due under fixed payments.

50. Forty days after the expiration of the term of insurance the premium note given for the insurance policy

shall on application therefor be given up to the grantor thereof provided all assessments levied and all losses and expenses with which the note is chargeable have been paid.

51. The society may form a reserve fund to consist of fifty per cent. of moneys which shall remain on hand at the end of each year after payment of the ordinary expenses and losses of the society, and for that purpose the board of directors may levy an annual assessment not exceeding twenty-five per cent. on the premium notes or undertakings held by said society and such annual assessment may be made in advance; and such reserve fund may from time to time be applied by the directors to pay off such liabilities of the society as may not be provided for out of the ordinary receipts for the same or any succeeding year.

52. Provided that such reserve fund shall be invested either in debentures or other securities of the Dominion of Canada or the provinces of the Dominion, or in municipal or school debentures or real estate mortgages or other securities or may remain in a chartered bank on deposit at interest, and provided further that when the reserve fund of the society shall have reached the total of \$125,000 at the end of any year the board of directors shall not levy any annual assessment thereafter exceeding twelve and a half per cent. on the premium notes or undertakings held by the said society.

53. The reserve fund shall be the property of the society as a whole, and no member shall have any right to claim any share or interest therein in respect of any payment contributed by him towards it, but in the event of the society being wound up possessed of an existing reserve fund the then existing members shall be entitled to divide same among themselves *pro rata* according to the amount of their premium notes with the society.

54. The society may effect policies of insurance on the cash premium plan for periods not exceeding one year and the directors shall prepare a tariff of rates for such policies.

55. The society may hold such lands only as are requisite for the accommodation of the society in the transaction of its business or such lands as have been *bona fide* mortgaged to it by way of security or conveyed to it in satisfaction of debts contracted in the course of its dealings or purchased at sale upon judgments obtained for such debts and may from time to time sell, mortgage and convey or lease any such lands.

56. In the event of judgment being obtained against the society the issue of execution shall be stayed for sixty days from the date of judgment.

57. In case the premiums and reserve fund in any year be not sufficient to pay the expenses and losses of the society in that year, the losses of the society after the expenses of the society are paid in full shall be settled *pro rata* out of the balance of the funds available for that year.

58. The provisional directors shall furnish the guarantee required by *The Alberta Insurance Act* and which said guarantee shall be redeemed or substituted by other securities furnished by the society at the discretion of the directors and subject to the approval of the Superintendent of Insurance.

No. 3.

SECOND SESSION
FOURTH LEGISLATURE
9 GEORGE V
1919

BILL

50-50 Mutual Hail Insurance Society

Received and read the

First time

Second time

Third time

EDMONTON:
J. W. JEFFERY, KING'S PRINTER
A. D. 1919.