



CHAPTER 144

An Act to incorporate Select Mutual Insurance Company

[Assented to, the 20th of March, 1930]

WHEREAS the hereinafter named persons have, by their Preamble. petition, prayed to be incorporated for the purposes hereinafter set forth, and, amongst others, to carry on the business of fire and lightning insurance, plate glass, automobile and other accident insurance, and burglary insurance, according to the strictly mutual system of insurance, within the Province of Quebec;

Whereas certain provisions of the general law governing mutual insurance companies in this Province have to be derogated from:

Whereas it is expedient to grant the petitioners' prayer;

Therefore, His Majesty, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows:

1. J. N. Cabana, manager, Henry Guy Vaillant, manager, J. Charles Pelletier, manager, Hervé Savard, garage owner, Louis M. Lymburner, manufacturer, Narcisse Ducharme, manager, Robert Véronneau notary, all of Montreal, in the Province of Quebec, and all such persons as may hereafter associate themselves with them, are incorporated under the name of "Select Mutual Insurance Company". Incorporation.

2. The chief office of the company shall be in Montreal, but the board of directors may establish one or more offices in such other places in the Province as it may deem expedient. Chief office.

Board of
directors.

3. The above-named persons shall be the directors of the company, and shall constitute the board of directors, and shall remain in office until replaced, under the by-laws of the company; five provisional directors shall constitute a quorum.

Quorum.

First
general
meeting.

4. The first general meeting for the election of directors shall take place, within six months from the coming into force of this act, on the date which the provisional directors shall fix.

Number of
directors.
Quorum.

5. The number of directors shall not be less than seven, nor more than fifteen. The majority of the directors shall constitute a quorum.

Powers of
directors.

6. The powers of the directors shall be those conferred by the Quebec Insurance Act insofar as not incompatible with the provisions of this act, and by the by-laws of the company.

Members of
the com-
pany.

7. All persons who have signed an insurance application and have been accepted by the board of directors shall be members of the company.

Powers of
company.

8. The company may carry on the business of insurance and re-insurance, and, in particular, insure and re-insure houses, buildings, shops, factories, mills, workshops, warehouses, sheds, constructions, dependencies, stock in trade, moveables, motor vehicles, and effects of all kinds, against fire, lightning and wind; insure and re-insure also against the breakage of plateglass, automobile accidents, and all other accidents of any kind; against theft, and generally against any damage to person or thing, but, according to the mutual system, within the territory of the Province of Quebec.

Idem.

9. The company may make by-laws to determine the rate of premium, enact the mode of payment, determine the liability of the members one to another, which liability must not be less than a sum equal to twice the initial yearly premium, classify the members according to the nature and extent of the risk, and vary the rate of premium accordingly.

Accounts
and funds.

10. The company shall keep separate accounts, and shall create separate and distinct funds, for each kind of insurance. The fund so created for a particular kind of insurance shall not be employed for another kind of insurance.

11. No class of insured or of members shall be liable ^{Liability.} for any other class.

12. a. It is optional for the company or the secretary, ^{Cancellation} if the company has given him a general or special mandate ^{of policies.} to that effect, to cancel any policy according to its conditions, on giving for the purpose, to the insured, a notice in writing, signed by the secretary and sent to the insured by registered mail;

b. The person insured shall, nevertheless, be bound to ^{Payment of} pay his share of the losses and expenses of the company to ^{losses, etc.} the day of such cancellation and, upon paying same, is entitled to be reimbursed the unearned portion of the premium paid;

c. When, however, there is a loss upon the property ^{Idem.} insured by the company, the board of directors may retain the amount of the premium paid to insure such property until the expiration of the period for which the insurance was taken, and, on the expiration of such period, the insured may draw the dividend to which he would have been entitled had the policy not been cancelled.

13. With the exception of sections 1, 2, 3, 4, 5, 6, 7, ^{Provisions} 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23; ^{applicable.} section 24, paragraphs *c* and *d*; sections 34, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, and 93; sections 112, 113, 114, 115, 116, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210 and 240, as far as accidents caused by fire to motor vehicles are concerned, the Quebec Insurance Act (Revised Statutes, 1925, chapter 243) and the amendments thereto, shall apply to this company, but only insofar as not inconsistent with the provisions of this act.

14. Section 38 of the Quebec Insurance Act (Revised ^{R. S., c. 243,} Statutes, 1925, chapter 243) is replaced, for the company, ^{s. 38, re-} by the following: ^{placed for}
^{the Co.}

"38. 1. The directors of the company may, in fixing ^{Guarantee} the assessments, provide for the creation and main- ^{capital or} tenance of a guarantee capital or reserve fund made up ^{reserve} of all the sums remaining in the possession of the ^{fund.} company at the end of each year, after payment of its ordinary expenses and losses, and the object whereof shall be to make the assessments more uniform and to help the members in years when the losses are heavy.

Manage-
ment of
fund.

2. Such fund shall be managed by the directors in such manner as they may deem most advantageous to the company, but the amount taken from the annual profits for the establishment of such fund shall not, at any time, exceed ten per cent."

"Guarantee
fund".

15. a. The company may also form a capital called "guarantee fund" of not less than two hundred thousand dollars, nor over five hundred thousand dollars. Such capital will be divided into shares of ten dollars each. The subscribers to the said guarantee fund shall pay in ten per cent so soon as their subscriptions have been accepted and their shares allotted. The balance shall be payable according as the board of directors shall make calls, upon giving the said shareholders thirty days' notice.

Dividends.

b. The said shareholders or subscribers to the guarantee fund shall be entitled to a dividend not exceeding ten per cent upon the amount of their subscription before any profits are paid to the other members of the company.

Directors.

c. Two-thirds of the directors composing the board of directors shall be chosen from among the shareholders or subscribers to the guarantee fund.

Sharehol-
ders, etc.

d. The shareholders and the insured shall be equally members of the company and participate in the profits and surplus.

Beginning of
operations.

e. The company may begin operating as soon as it has obtained applications for insurance for a total amount of one hundred thousand dollars and as soon as two hundred thousand dollars of its capital or of its guarantee fund shall have been *bona fide* subscribed and one-tenth of such sum has been paid in.

Coming into
force.

16. This act shall come into force on the day of its sanction.