



## CHAPTER 75

### An Act to amend the Quebec Insurance Act

[Assented to, the 22nd of March, 1928]

**HIS MAJESTY**, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows:

**1.** Section 5 of the Quebec Insurance Act (Revised R. S., c. 243, Statutes, 1925, chapter 243) is amended by adding thereto <sup>s. 5, am.</sup> the following paragraph:

“The applicants must also deposit with the Provincial Treasurer, as trustee, security approved by the Superintendent of Insurance in the amount ordered by the Lieutenant-Governor in Council and conditioned upon the faithful accounting to the company, upon its procuring of a license to transact insurance from the Provincial Treasurer, or, if it does not procure such a license, to the subscribers, or their executors, administrators or assigns, of all sums paid by them on their subscription contracts.”

**2.** Section 8 of the said act is replaced by the following: <sup>R. S., c. 243</sup>

“**8.** 1. A company may be incorporated under the preceding sections of this division for the purpose of transacting the following classes of insurance and reinsurance subject to and in accordance with the provisions of this act, provided, however, that no company may be incorporated under this act to transact both fire insurance and life insurance:—Accident, automobile, aviation, larceny, house-breaking or burglary, credit, explosion, fire, forgery, guarantee, hail, industrial, inland marine, inland transportation, life, livestock, ocean marine, plate glass, sickness, sprinkler leakage, steam boiler, tornado, weather, or any other class of insurance not specially provided for in this section.” <sup>s. 8, re-placed. Incorporation. Classes of insurance.</sup>

- Capital stock. 2. The capital stock of any company incorporated under this division shall be at least five hundred thousand dollars and before applying for a license to transact insurance other than fire insurance or life insurance, the company shall furnish satisfactory evidence to the Superintendent of Insurance that at least three hundred thousand dollars of the said capital stock have been subscribed for and taken up *bona fide* and that at least fifty thousand dollars have been paid into some chartered bank of Canada.
- Amount subscribed and paid up. 3. Before applying for a license to transact fire insurance or life insurance, the company shall furnish satisfactory evidence to the Superintendent of Insurance that at least three hundred thousand dollars of the said capital stock have been subscribed for and taken up *bona fide* and that at least seventy-five thousand dollars have been paid into some chartered bank of Canada.
- Id., for fire or life insurance. 4. Every subscription to the capital stock shall contain the stipulation that no sum shall be used for commission, promotion or organization expenses in excess of a percentage of the amount paid upon the stock subscriptions, to be named in such stipulation, not exceeding fifteen per cent, and the remainder of sums so paid to the company shall be invested in securities in which an insurance company is authorized to invest under this act, or be deposited in a bank or trust company in the Province until the company has duly procured a license to transact insurance from the Provincial Treasurer. Every subscription for stock made prior to the granting to the company by the Provincial Treasurer of the license to transact insurance shall contain the stipulation that the money, securities or evidences of debt advanced by the applicant shall be returned to him without any deduction in case the company fails to procure such license.
- Subscription to contain certain stipulation. 5. No person may solicit subscriptions for the capital stock of any such company, unless he has been thereunto duly authorized by the company and unless a certificate of his authority, duly signed by a principal officer of the company, has been filed with the Superintendent of Insurance.
- Solicitation of subscriptions. 6. The Superintendent of Insurance may, personally or through his inspectors, examine into the affairs of any such company and inspect its books and papers, and may summon and examine under oath any officer or agent or any person who is or has been connected with such company, and, if he finds the company is violating any of the provisions of this division, he shall make a report to the Provincial Treasurer. After giving the company an opportunity to be heard, the Provincial Treasurer shall render his decision in writing and may thereby suspend the right
- Inspection, etc. Report. Suspension.

of the company to receive further subscriptions to the Restora-  
capital stock or payments thereon. The rights of the tion.  
company may be restored by the same authority.

7. The shares of the capital of every company formed Par value.  
under the provisions of Division I of this act shall be of a  
par value of one hundred dollars each, and the liability of Liability.  
every shareholder shall be limited to the amount remaining  
unpaid on his shares.

8. The provisions of this section shall not apply to com- Application.  
panies incorporated prior to the 22nd of March, 1928."

**3.** Section 9 of the said act is amended by replacing R. S., c. 243,  
the word: "three", in the first line of sub-paragraph *a* of s. 9, am.  
subsection 1 thereof, by the word: "two".

**4.** Section 94 of the said act is amended: Id., s. 94,

*a.* By replacing sub-paragraph *e* of subsection 4 thereof am.  
by the following:

"*e.* For every insurance company not otherwise provided Amount of  
for in this section, if it is a company incorporated by the deposit.  
Province or by Canada, ten thousand dollars, and if a  
foreign joint stock company, twenty thousand dollars;"

*b.* By striking out sub-paragraph *f* of the said subsection  
4 thereof.

**5.** Section 131 of the said act is amended by adding R. S., c. 243,  
thereto the following subsection: s. 131, am.

"3. Except where persons, firms, companies or corpora- Require-  
tions exchange, enter into and carry out reciprocal com- ments to  
tracts of indemnity or inter-insurance in accordance with apply.  
the provisions of section 215*a* of this act, all the require-  
ments set forth in Divisions XII and XIII and in this  
Division of this act for the licensing and registration of  
insurance companies shall apply to all persons, corpora-  
tions, associations, societies, associations operating as  
Lloyds, interinsurers or individual underwriters, carrying  
on business as defined in section 109, and every such per-  
son, corporation, association, society, association operating  
as Lloyds, interinsurer or individual underwriter, shall be  
considered, for the purposes of interpretation and applica-  
tion of the provisions of the said Divisions XII and XIII  
and of this Division of this act, to be an insurance com-  
pany."

**6.** Section 134 of the said act is amended:

*a.* By inserting therein, after the word: "insurance", R. S., c. 243,  
in the fifth line of the first paragraph thereof, the following s. 134, am.  
words: "accompanied by a recommendation signed on behalf

of a licensed company, provided that an agent transacting life insurance, solely or combined with other classes, must be recommended by a licensed company transacting life insurance.”;

b. By replacing the second paragraph thereof by the following:

License to firm to specify members.

“A license issued to a firm or corporation shall specify the members of the firm or officers and directors of the corporation who may act thereunder as agents in the name and on behalf of the firm or corporation. Each of the members of the firm or officers or directors of the corporation to be specified in the license shall file an application, in writing, including a request that the license be issued in the name of the firm or corporation, and for each of whom a fee must be paid at the times and at the rates specified for individual applicants. A license may be revoked for one or several members of a firm or corporation.”

Application in writing.

Fee.

Revoking of license.

R. S., c. 243, s. 135, replaced.

**7.** Section 135 of the said act is replaced by the following:

Return by licensed companies.

“**135.** Every licensed company shall make a return under oath to the Superintendent of Insurance, in such form and at such times as he may require, showing all persons, firms and corporations duly authorized as its agents in the Province, and all persons, firms or corporations to whom or which it has, within such period as the form of return may require, paid or allowed, or agreed to pay or allow, directly or indirectly, compensation for placing or negotiating insurance on lives, property or interests in the Province, or for negotiating the continuance or renewal thereof, or for attempting to do so.”

R. S., c. 243, s. 142, replaced.

**8.** Section 142 of the said act is replaced by the following:

Policy through underwriters agency.

“**142.** 1. A policy of insurance shall not be issued through any underwriters agency under its own name for an insurer, unless such insurer is licensed to carry on business in this Province and shall have obtained from the Superintendent of Insurance a license to issue contracts of insurance through such underwriters agency.

Form of policy.

2. Every policy of insurance issued through any such underwriters agency shall be in a form approved by the Superintendent of Insurance and shall bear upon its face the name and address of the insurer in a prominent and conspicuous manner, and the name of the underwriters agency shall not appear on the face of the policy except as a countersignature thereto.

3. On no other part of the policy shall the name of the underwriters agency appear except that for identification purposes the words "issued through the . . . . . Underwriters Agency" may be printed on the back of the policy following the name of the insurer and in type not larger than half the size of that used in printing such name.

Form of policy.

4. Upon an application for a license under subsection 1 of this section, every such insurer shall furnish to the Superintendent of Insurance evidence of its approval, of the adoption of the form of policy to be issued through the underwriters agency, and of the authority of the underwriters agency or its agents to bind the said insurer.

On application for license, what to be furnished.

5. Every insurer licensed under this act, carrying on business or issuing any policy of insurance through any such underwriters agency, shall file an annual return of the business transacted through such underwriters agency in a form prescribed by the Superintendent of Insurance."

Annual return.

9. Section 147 of the said act is replaced by the following:

R. S., c. 243, s. 147, replaced.

"147. 1. Notwithstanding anything in this act contained, any person may insure property or other interests in this Province with an unlicensed insurer and any property or other interests insured or to be insured under the provisions of this section may be inspected and any loss incurred in respect thereof adjusted, provided such insurance is effected outside of this Province and without any solicitation whatsoever directly or indirectly on the part of the insurer and provided such persons comply with the provisions of paragraph 5 of subdivision III of section 5 of the Corporation Tax Act (Chap. 26).

Insurance of property, etc., with unlicensed insurer.

Proviso.

2. The Superintendent of Insurance may, upon the payment of a fee of twenty-five dollars, issue to any suitable person, firm or corporation in this Province a license to act as a special insurance broker to negotiate, continue or renew contracts of insurance on property or other interests in this Province with insurers not licensed to transact such business in this Province.

Fee for license as special broker.

3. The applicant for such license shall file with the Superintendent of Insurance a written application under oath, on a form provided for this purpose.

Sworn application.

4. If the Superintendent of Insurance is satisfied with the statements and information required, he shall issue the license applied for, which he may suspend or revoke at his discretion; which license shall expire on the 30th day of June in each year unless sooner suspended or revoked.

Powers of Superintendent as to issue, etc. Expiry of license.

5. The license may, in the discretion of the Superintendent

Renewal of license.

tendent of Insurance, be renewed annually thereafter upon payment of a fee of twenty-five dollars for each renewal.

Deposit of security.

6. Every person shall, before receiving such license, deposit with the Provincial Treasurer security approved by the Superintendent of Insurance in the sum of not less than five thousand dollars guaranteeing that the licensee will faithfully comply with all the requirements of this act.

Insurance with unlicensed insurers in certain cases.

7. Where insurance on property or other interests in this Province cannot be obtained at reasonable rates or on the form of contract required by the insured from insurers licensed to do business in this Province, the person named in such license may effect insurance with unlicensed insurers, but shall, in the case of every insurance effected under this section, make or obtain from the insured a signed and dated statement describing the property or other interests insured, its location and the amount of insurance required and stating that the application for such insurance at the stated rate of premium was previously made to and refused by named companies licensed in this Province. The person named in such license shall, within ten days after the end of each month, submit, to the Superintendent of Insurance, a statement setting forth the name of the insured, the property or other interests insured during such month and its location, the full names of the unlicensed insurers and the amount of insurance placed with each and the rate and amount of premium paid to each.

Statement to be furnished.

Separate account to be kept.

8. Every such licensee shall keep a separate account of insurance effected by him under his license in books which shall be open to inspection by the Superintendent of Insurance or any officer under his control.

Release of security.

9. On it being shown to the satisfaction of the Provincial Treasurer that all insurances effected under this section are no longer in force or have been reinsured in a licensed company, the licensee shall be entitled to a release or cancellation of his security.

Forfeiture.

10. Every person licensed under this section who contravenes any of the foregoing provisions of this section shall forfeit his license and shall be guilty of an offence against this act."

Offence.

R.S., c. 243, s. 153, am.

**10.** Section 153 of the said act is amended by replacing the number: "40", in the third line of subsection 4 thereof, by the number: "56".

Id., s. 162, am.

**11.** Section 162 of the said act is amended:

a. By inserting therein, after the word: "registered", in the second line of subsection 1 thereof, the words: "mutual benefit";

b. By inserting therein, after the word: "or", in the third line of subsection 3 thereof, the words "mutual benefit".

**12.** Section 163 of the said act is amended by striking R. S., c. 243, out the words: "according to form 5, and, in the case of life insurance companies, shall be according to form 3, and, for fire insurance companies, according to form 4", in the seventh, eighth and ninth lines thereof. s. 163, am.

**13.** Section 164 of the said act is amended by striking Id., s. 164, the words: "and shall be made according to form 6", in the sixth line thereof. am.

**14.** Section 165 of the said act is amended: Id., s. 165,  
 a. By striking out the words: "or charitable", in the first line thereof; am.  
 b. By striking out the words: "and be made according to form 7", in the sixth line thereof.

**15.** Section 215a of the said act, as enacted by the act 16 George V, chapter 61, section 1, is amended by replacing the words: "or other contingency", in the fifth line thereof, by the words: "tornado, sprinkler leakage, explosion, loss or damage to property resulting from an earthquake, or loss of use or occupancy caused by or resulting from fire". Id., s. 215a, am.

**16.** Section 222 of the said act is amended by striking out the words: "and shall be according to form 11", in the third and fourth lines of the second paragraph thereof. Id., s. 222, am.

**17.** Section 264 of the said act is replaced by the following: Id., s. 264, replaced.

"**264.** The inspection provided for by this division shall not be obligatory upon any mutual benefit association having less than three hundred members on the thirty-first day of December next preceding, if the association has complied with the provisions of sections 152, 153, 162 and 165 of this act to the satisfaction of the Superintendent of Insurance, but upon the application of twelve members, or if judged necessary by the Superintendent of Insurance, the inspection may be carried out in accordance with the provisions of this act." Inspection not obligatory for certain mutual benefit associations. Exception.

**18.** This act shall come into force on the day of its sanction. Coming into force.