

from its members a president and a vice-president; and shall also appoint all officers and assistants required by the by-laws of the company and revoke such appointments of officers and assistants at pleasure.

Constitution of regular meetings.

15. To constitute a regular meeting of the board of directors it is necessary to have the concurrence of five members, of whom at least three must be personally present.

Proxies may be used.

16. At the general annual meeting, or at special meetings, shareholders qualified to vote may be represented, by a proxy being a voter at the meeting.

Right of voting.

Every shareholder will be entitled to one vote for each share held by him.

Constitution of meeting of shareholders.

17. The meeting will be regularly constituted, when one fourth of the shares, forming the stock then subscribed, are represented.

Liability of shareholders.

18. The liability of shareholders to the company is limited to the amount of their unpaid stock.

Directors not personally liable.

The directors shall not incur by reason of their management of the business of the company any personal liability whether joint or several by reason of the obligations contracted by the company.

Power of board to issue bonds.

19. The board of directors may create, issue and negotiate debentures or bonds, of one hundred dollars each, to the amount of one half the paid up capital, for each class of shares separately.

Foreigners may hold office.

20. It shall be necessary to be a British subject in order to be a director, censor or employee of the company.

Transfer of shares, &c.

21. Shares are made to order, and cannot be negotiated or transferred by the holder, if he be indebted in any manner to the company.

Shares when fully paid up, may be exchanged for shares to the bearer on the conditions required by the by-laws.

Act in force.

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

C A P. L X I I .

Act respecting the Mutual Fire Insurance Company of the city of Montreal, and for other purposes.

[Assent: d to 30th June, 1881.]

Preamble.

WHEREAS the Mutual Fire Insurance Company of the city of Montreal has shown, by petition, that its

business has been greatly extended since the date of its original formation, and that the general provisions of the chapter sixty-eight of the Consolidated Statutes for Lower Canada, under which its operations have been hitherto conducted, are not always applicable to the cases which present themselves, and leave some doubt with regard to the solution of certain difficulties and the settlement of certain claims; and whereas mutual insurance, without being a commercial transaction, may, nevertheless, offer to its members the advantages possessed by insurance companies with fixed premiums, by constituting them at once insured and insurers and by allowing them the entire administration of their affairs; and whereas it is expedient to continue and maintain, but with increased powers, this Insurance Company now existing in the city of Montreal since the year one thousand eight hundred and fifty-nine; Therefore, Her Majesty, by and with the advice and consent of the Legislature of Quebec, enacts as follows :

FIRST CHAPTER.

ORGANIZATION OF THE COMPANY.

General Provisions.

1. The act concerning Mutual Insurance Companies, chapter 68 of the Consolidated Statutes for Lower Canada, together with its amendments, shall not apply to the Mutual Fire Insurance Company, of the city of Montreal, sections four and thirty-three excepted. C. S. L. C., c. 68, not to apply.

2. The Company shall continue to exist as a corporation and retain its name of "The Mutual Fire Insurance Company of the City of Montreal." Corporation continued.

3. The Company, may acquire an immovable in the city of Montreal, to be occupied by the offices of the company. Power to acquire immovables, &c.

4. The directors may avail themselves of the years in which few fires occur to provide for a reserve fund, at the same time allowing the members a profit on the insurances at fixed premiums, and this appropriation, added to the excess of receipts over expenses, shall form a fund called the Reserve Fund, to the Company's profit solely, the object of which shall be to render the assessments more uniform and to aid the members in less favorable years, in whatever manner the directors may find most advantageous for the interest of the Company. Reserve fund.

- Application and investment of reserve fund.** **5.** The Reserve Fund, thus annually accumulated by the Company, together with whatever it may possess at the passing of the present act, shall be devoted to the payment of the losses and expenses of the Company ; and this fund shall be invested in one or in several incorporated banks or in the purchase of bonds of the Federal government or of the Provincial government, or of the city of Montreal or of municipalities of the province of Quebec, provided that the balance of the assets of the Company, exclusive of deposit notes shall at no time exceed two hundred and fifty thousand dollars, in addition to the building occupied by the offices of the Company.
- Proviso as to balance of assets.** **6.** All proprietors, within the limits of the city of Montreal, may become insured in the Company against losses or damages caused by fire, but not against those caused by invasion or insurrection.
- Insurance on houses, &c.** **7.** The Company may insure houses and buildings situate in the city of Montreal and the household furniture of the assured, and may also insure two horses and two cows (with their fodder) belonging to a member, as well as the vehicles and harness in ordinary use.
- Board of directors.** **8.** The board of directors of the company shall consist of nine members chosen by ballot, and there may be allowed a sum not exceeding one thousand dollars per annum, for the remuneration of the directors.
- Quorum.** Five directors shall form a quorum of the board.
- Annual general meeting.** **9.** There shall be an annual general meeting of the members, at the office of the company, on the second Monday of October of each year or on the following day, if that day is a holiday ; and eight days' notice thereof shall be given in two newspapers of the city of Montreal. If, on the day so fixed, the meeting does not take place, the directors shall call one on a day which they shall determine and notice thereof, shall be given by public notice in the manner hereinabove prescribed.
- Accounts to be submitted.** At this meeting the directors shall render an account of their management during the year just ended.
- Election of new directors.** The meeting shall then proceed to the election of new directors.
- The former directors shall be re-eligible and the election shall be conducted in the manner following :
- Method of election.** **10.** By the first ballot, five names shall be omitted from the list of nine directors for the past year, the four others, remaining members of the board for the following year. A second ballot shall then be taken to fill up the places of

the five retiring directors, to complete the number necessary for the formation of the board. The nine directors thus appointed shall continue in office until the next election.

11 The right to vote is personal. No one shall vote by proxy, but corporations may appoint, to represent them, one of their directors, or their secretary, and married women, separate as to property, their husbands, provided in all cases, that the contributions for the proceeding year and other dues have been said. Who has a right to vote.

12. The Board shall be at liberty to hold special meetings as often as it may deem it necessary to do so, and shall keep minutes of its proceedings, and any Director who may differ from the majority of the Board may enter a statement of such dissent, with the motives thereof, in the minute-books; and these books shall be open for the examination of the members. Special meetings of board.

13. The Board shall have the supervision of the affairs of the Company and the administration of its funds and property. It shall arrange the rates and the amount to be insured on houses or other property and shall have the appointment of the officers of the Company. Every year the Board shall elect from among its members a President, and a Vice-President. The Board shall have power to make such by-laws as it may deem useful for the good management of the Company; and such by-laws shall come in force as soon as they are sanctioned at a general meeting of the members. Duties of the board. By-laws.

14. The employees of the Company shall consist of a Secretary-Treasurer, an Assistant-Secretary, a Book-keeper, an Inspector and such other officials as the Board shall consider necessary for the proper management of the affairs. Employees of company.

15. The directors shall fix the salaries and specify the duties of the employees and shall require from them such guarantees as they may deem requisite for the faithful discharge of their several duties. Salaries.

16. In the case of the absence or illness of the President, the Vice-President shall be invested with all his powers; and in case both should be absent, the Board shall elect a president *pro tempore*. Powers of Vice President.

17. The board of Directors or twenty members of the Company shall be competent to convene a general meeting. Special meetings of shareholders.

ing, by giving public notice for eight consecutive days in at least, two newspapers of the City of Montreal, or by notices mailed to the address of the members.

Vacancies.

§8. Every vacancy in the Board of Directors shall be filled by a member elected for this purpose by the remaining members of the Board.

CHAPTER SECOND.

POLICIES.

Method of obtaining a policy.

19. Any person making application to have his property insured cannot become a member of this Company, until he shall have placed in the hands of the Secretary-Treasurer, his note (termed *deposit note*) payable on demand to the order of the Company and satisfactorily endorsed, if the Directors demand it; and this note shall be for a sum proportioned to the classification of the risk; and thereon the holder of the policy shall have to pay immediately an amount fixed by the Directors as an entrance premium. The said note is to be payable, in whole or in part, whenever the Directors deem it necessary for the payment of the losses or expenses of the Company.

Quality of applicant.

20. Any person applying for a policy shall be bound to state in what capacity he makes such an application, and a false declaration in this respect will annul the policy issued

Building subject to substitution may be insured.

21. Any building subject to substitution may be validly insured with the Company and the deposit note given in such case shall be subject to the same formalities and shall have the same effects and privileges as in ordinary cases; provided that it be signed by the substitute or the curator to the substitution or by the majority of the institutes.

Privilege upon buildings insured.

22. Every member of the company shall pay his quota of all the losses and expenses incurred by it; and the building insured, together with the land on which it is situated, shall be and remain liable by privilege to this company from the date of the deposit note, for the amount of the latter, instead of the hypothec mentioned in article 2033 of the Civil Code, which shall not apply to insurances effected by the company, and no registration shall be necessary for such privilege.

Rank of such privilege.

This privilege shall apply both to the insurance of moveables and immoveables and shall rank after that of the seigniorial rights, mentioned in article 2009 of the Civil Code.

23. Whenever properties, affected by the privilege of ^{Flying claim} the Company shall be advertised to be sold by forced sale, ^{in certain cases.} the Secretary-Treasurer of the Company or his assistant shall file, within the six days following the sale, in the office of the Prothonotary of the Superior Court or of the assignee, as the case may be, a claim under oath for what is or may become due to the Company, in virtue of the deposit note and of the policy.

24. In the case of a transfer of property insured, by sale ^{Transfer of} or otherwise, the policy given for such property ceases to ^{property in-} be in force for the insurer, and, in case of accident, no ^{sured annuls} indemnity can be claimed by him in virtue thereof. Nevertheless, the deposit note given for such policy shall continue to be assessable until the expiry of the policy or until the latter has been returned to the Company and the dues then matured have been paid; but no part or portion of the entrance money shall be reimbursed, without a new arrangement between the company and the new proprietor. ^{policy, &c.}

25. When a party insured, in selling his immovable ^{If insurance} property, transfers his insurance policy to the purchaser, ^{policy is trans-} the benefit of the balance of the entrance premium, ^{ferred when} provided all dues have been paid, goes to the latter, if he is ^{property is} accepted by the Company. On the contrary, should the ^{sold.} company refuse to continue the policy with the new proprietor, the balance of the premium shall be paid to him; but should there be no transfer of the policy to the purchaser, the balance of the premium will remain the property of the company.

26. The acceptance by the company of the transfer of a ^{Effect of ac-} policy for collateral security, does not give to the mortgage ^{ceptance of} creditor more rights than the insurer had, in case of ^{transfer, &c.} accident; but the Board of Directors may guarantee the said mortgage creditor against forfeiture, on such conditions as they may think proper.

27. Any person, applying for insurance who cannot ^{Documents} write, may sign the application, deposit note, or any other ^{may be signed} document necessary to be signed by him, with his mark, ^{with mark.} in the presence of one witness, after such application, deposit note, or other document has been read to him; and it shall be competent for any officer of the insurance company to become such attesting witness, and such signature ^{Attesting wit-} by a mark, made in the presence of a competent witness, ^{ness.} shall have the same effect in a court of justice as a signature made in the hand-writing of a person able ^{Proof of such} to write, and the denial thereof shall be subject to the ^{signature.} provisions of article, 145 of the Code of Civil procedure;

and the production of such signature, attested by a witness, shall be *prima facie* evidence, that the application, deposit note or other document has been signed in the manner herein required in presence of a competent witness, unless the contrary be proved.

28. If, at the date of such application, there exists an insurance which is not declared, or if another insurance is effected upon the property insured by the company, without the express permission of the company, written upon the application or the policy of the insured, signed by the insured and the secretary-treasurer, the company's insurance shall become void, and, in the event of loss, the insured shall not be entitled to claim any indemnity nor will any be allowed him.

29. Whenever a building or furniture, insured by the company, shall have become exposed to a greater risk than that which existed when the insurance was effected, and this happens through the act of the proprietor, his tenants or neighbours, and no notice of it has been given to the board and no new agreements made with the Company, the policy shall become void.

30. When a policy shall have expired or have been annulled by the board for any reason whatever, and when the insurer shall have paid his dues to the company, his deposit note shall be returned to him; but in no case shall such a policy-holder have the right to ask or claim any share in the reserve fund, according to the provisions of section 4.

31. It shall be lawful to add to the policies issued by this company, one or more additional amounts or to make retrenchments during the continuance of the policy; and, in making such additions or such retrenchments, the policy-holder must give a new deposit note, or pay a premium for extra risk, as he may be required by the board.

32. The policies issued by the Company shall be for three full years, commencing at noon on the day of their respective dates and ending at noon on the day of the expiry of the three years; and whosoever, at any time, shall become a member, by effecting insurances, shall continue to be so during the time mentioned in his policy, unless the latter be cancelled.

CHAPTER THIRD.

PAYMENT OF DAMAGES.

33. When a property, insured by the company, has been destroyed or damaged by fire, the insured shall immediately notify the company thereof, and, in default of such notification by the insurer or his representatives, in the eight days following the disaster, the insurer shall forfeit all his rights to indemnity, unless he be prevented from doing so by some sufficient reason, and any injury caused to the building damaged by the fire, between the date of the fire and the end of the above-mentioned interval, which might augment the loss of the insurer, according to the estimate made of it, shall be charged to the insured, except in the case of another fire. Proceedings in case of loss by fire.

34. The insured is bound to furnish, as soon as possible, his claim containing a statement of the damage done or the list of objects burned, damaged, saved, destroyed or missing during the fire, with the estimate of the amount of the damage at the time of the accident; and this claim must be sworn to before a justice of the peace. Claim to be filed.

35. Any one insured who, in bad faith, shall have declared to be destroyed, objects which he knew to have had no existence at the time of the fire, or shall make a claim based on an exorbitant valuation, shall forfeit all right to an indemnity. Claim made in bad faith to forfeit rights to indemnity.

36. If the parties cannot agree as to the loss sustained, two competent persons shall be chosen, as soon as possible, to act as arbitrators, one of whom shall be named by the insured, the other by the company; and these two arbitrators before or during the arbitration, may, if they deem it necessary, name a third to act jointly with them. And if the two arbitrators cannot agree on the choice of such third the latter shall be appointed by a judge of the Superior Court on the application of one of the parties, notice having been given to the other party at least two days previously. These arbitrators shall be sworn before a justice of the peace or a commissioner for receiving affidavits, and their report, or that of the majority of them, shall be reduced to writing in duplicate, and, having been placed in the hands of the parties interested, shall be final and without appeal. Arbitration in certain cases.

37. In case the insured refuses to appoint an arbitrator or when the insured is absent from the province and has not made known to the company the name of his attorney, If insured is absent, &c.

the latter, after a delay of not less than eight days from the date of the fire, shall apply to a judge of the Superior Court to have an arbitrator appointed for the insured.

Proceedings of arbitrators. **38.** The arbitrators may, at the appointed time and place, proceed to the examination of the witnesses who shall be then and there produced before them; and, if they deem it necessary, or if one of the parties concerned requires it, they may interrogate the claimant or the directors or officers of the company or any one of them, after such witnesses have been sworn; the arbitrators being themselves authorized to administer the oath.

Basis of valuation by arbitrators. **39.** The valuation to be made by the said arbitrators shall be based on the value of the portion of the property burned, not on the expenses of reconstruction.

Delay for payment. **40.** The Company shall have sixty days, from the date of the award, to pay the amount allowed; and the costs of the arbitration shall be borne equally by the Company and the insured.

What excluded from estimate of damage. **41.** The Company cannot be obliged to pay any compensation or indemnity to the insured for loss of rent or for the time that he may be deprived of his property, in case of fire, unless a special agreement to that effect be entered in the policy.

Retention of certain amount to cover future assessments. **42.** When the greater portion of the property of an insured has been destroyed by fire, the company may retain, from the payment of damages allowed an amount sufficient, to guarantee the payment of the assessments which may become due until the expiry of the policy.

Company may pay or repair, &c. **43.** After the estimate of the damages caused by fire to the property insured, it shall be lawful for the Company to pay the sum allowed by the arbitrators, to replace the objects damaged or destroyed by fire, or to repair or reconstruct the buildings that have been burned, according to the report of experts, with all possible diligence.

Arbitration does not bar company's rights. **44.** The fact of arbitration shall not constitute a renunciation on the part of the company of its right of invoking any cause of forfeiture of which it may become aware, after the appointment of the arbitrators.

CHAPTER FOURTH.

ASSESSMENTS.

Annual assessment. **45.** So soon as possible after the first of October in each year there shall be a meeting of the Directors

of the Company, at which meeting the Secretary-Treasurer shall present his report and submit a statement of the receipts and expenses of the year just expired, as well as the amount of notes assessable. At such meeting the Directors shall fix the annual assessment on the deposit notes, in force at the date mentioned in the statement submitted by the Secretary, to meet the actual or even probable annual expenses and losses of the company; and such declared assessment shall be published in the manner prescribed by the by-laws.

46. The Directors shall cause to be published, in at least one English and one French two newspapers of the city of Montreal, and by means of a circular mailed to each shareholder, a notice of the total amount of assessments imposed by them on the deposit notes, whenever such assessment shall take place. Notice of assessment.

47. Apart from the annual assessment, the directors of the company may, during the year and whenever they deem it necessary, impose other assessments, to be payable at the time and in the manner fixed by the directors in the notice which they shall publish to that effect, and this notice shall be given in the same manner as the notice for the annual assessment. Other assessments.

48. But, in order that, as far as possible, there may be only one single assessment in the year, the directors are authorized, in case of loss or to cover unforeseen expenses, to effect loans as they may be deemed necessary; and the interest on such loans shall be entered in the following assessment, and the deposit notes in the hands of the secretary may be pledged in favor of the lenders, for the payment of such loans, with the interest thereon. Directors may borrow funds when necessary.

49. In case the amount of the assessment on all the notes assessable should be insufficient, even with the reserve fund, to pay the losses sustained by the persons burned out, then the directors shall fix, in favor of the assured, a *pro rata* dividend proportional to the total amount received on the deposit notes and to the loss sustained by each policy holder. Insufficiency of deposit notice.

50. But in no case shall the insured, during the continuance of the policy, be obliged to pay, whether for one or several assessments, more than the entire amount of his deposit note. And, after having paid his share of assessment, or other dues, the insured shall return his policy to the secretary, who shall remit him his deposit note and annul such policy in the books of the company. Limit of assessments to be paid by policy holder.

Members in arrears may be sued and when. **51.** Thirty days after the date of the first public notice in the newspapers, the directors may sue such members as have not paid their assessments.

Rights forfeited and how. **52.** Any member of this company, who shall fail to pay the said assessments at the time fixed, shall forfeit the right of recovering anything from the company in case of accident; nevertheless the said insured shall be obliged to pay his share of the assessments until the expiry of his policy, as well as all other membership dues.

Policy may be cancelled. **53.** The Board may, whenever it deems necessary, cancel a policy and shall give notice thereof to the insured, by means of a registered letter addressed to the insured or to his attorney; and any balance coming to such party insured on his premium shall be returned to him, after all his dues have been paid.

Domicile of policy-holders. **54.** The last choice of residence, notified by a policy-holder to the company and which shall have been entered in the index of the names and residences of the insured of this company, shall be considered as his domicile or that of his attorney, and any notification mailed to such address, shall be sufficient to place the policy-holder in default.

Dissolution of the company. **55.** In case events should occur which would induce the Board of Directors to believe that it was for the interest of the members of the Company that it should be dissolved, the said Board may call a special general meeting of the members for the purpose of considering such dissolution; and this meeting shall be convened in the manner hereinabove provided for the annual assessments; and moreover, by addressing, through the post, to each members, a circular notifying him of the hour, the day and the place of such meeting, as well as the object thereof; and if, at that meeting, thus convened, there be present at least forty members, a resolution, declaring the Company dissolved, shall be considered as expressing the wish of the entire Company and involve its dissolution; provided that such resolution be approved by at least two-thirds of the members there and then present; and, after the adoption of this resolution in the manner aforesaid, the provisions of the third chapter of the eleventh title of the first book of the Civil Code shall apply to the Company.

Proviso.

Act continues present company. **56.** The present Act shall not have the effect of constituting a new Company, but shall merely continue and maintain the one which exists in the city of Montreal under the name given in Section two hereinabove, as also all policies, applications for insurance, deposit notes,

assessments, insurances, by-laws, officers, directors, members, properties, rights, privileges and prerogatives now in existence in the said Company or thereto belonging.

57. This act shall come in force the day of its sanction. *Act in force.*

SCHEDULE A.

The Mutual Fire Insurance Company of the City of Montreal.

Established in 1859, under the authority of Chapter 68 of the Consolidated Statutes for Lower Canada.

Special charter by the Legislature of Quebec 44-45 Victoria, Chapter 62.
No.

This Policy certifies that A. B. of the City of Montreal, has become a member of the Mutual Fire Insurance Company of the City of Montreal, and is insured with the said Company for the sum of..... currency, on the following property :
(referring to the application of the said A. B. and to the plan annexed thereto, — for a more circumstantial description : and as forming part of this Policy) for the period of three years to be counted from the date hereof.

Furthermore this Policy certifies that the said A. B. has deposited with the said Company his note, for the sum of, and that he has paid to the Company the sum of, as entrance premium on this Policy, and that considering the above the said A. B. has acquired the right to enjoy all the advantages and has become liable to all the charges and obligations to which all persons insured with this Company have a right and are liable to in virtue of the laws of this Province.

In witness whereof the President of the said Company hath signed, in duplicate, this Policy, which has been countersigned by the Secretary, in the City of Montreal, in the Province of Quebec, this..... day of..... one thousand eight hundred and.....

R. A. R. H., President.

A. D, Secretary.

SCHEDULE B.

No.

Application for insurance against fire by A. B. of the City of Montreal, with the Mutual Fire Insurance Com-

pany of the City of Montreal, for the sum of..... dollars, subject to the by-laws of the said Company, viz :—on a house..... Amount. Rate. Value, (the ground excluded.)

Remarks.

Shed.

Stable.

Coachhouse.

Furniture, clothes and linen, &c.

Cattle, carriages, &c.

Amount insured.

Deposit Note.

Entrance premium.

Designation, occupation and situation of buildings.

Declare the true proprietor or proprietors.

Montreal,

18.

SCHEDULE C.

Montreal,

18

\$

On demand, for value received by Policy No. dated the..... day of..... 18 , issued by the Mutual Fire Insurance Company of the city of Montreal, I promise to pay to the order of the said Company, at its office in Montreal, the sum of..... dollars, according to the assessments fixed for the losses and expenses of the said Company.

SCHEDULE D.

Office of the Mutual Fire Insurance Company of the City of Montreal.

No.

Amount insured \$

Deposit note \$

Entrance premium \$

These presents certify that A. B. has remitted to-day to the Company his note for the sum of \$..... bearing No. and that he has paid the sum of \$..... as entrance premium on the Insurance effected with the Company to the amount of \$..... for three years to be counted from the date hereof, upon a property described in his application dated this day and which is to be completed by a Policy.

Montreal,

18

A. D., Secretary.