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# NATIONAL ASSEMBLY

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SECOND SESSION

THIRTY-FOURTH LEGISLATURE

Bill 289  
(Private)

**An Act respecting the Laurentian  
Group and the Mouvement des  
caisses Desjardins and amending  
the Act respecting the Mouvement  
des caisses Desjardins**

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**Introduction**

Introduced by  
Mr Jacques Chagnon  
Member for Saint-Louis

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## Bill 289

(Private)

### **An Act respecting the Laurentian Group and the Mouvement des caisses Desjardins and amending the Act respecting the Mouvement des caisses Desjardins**

WHEREAS The Laurentian Mutual Management Corporation (the “Mutual Management Corporation”) and The Laurentian Life and Health Insurance Corporation (“Former Laurentian Life”) result from the conversion and division of Laurentian Mutual Insurance pursuant to the Act respecting Laurentian Mutual Insurance (1988, chapter 95);

WHEREAS the Mutual Management Corporation, through Laurco Inc., a wholly-owned holding company referred to in section 1 of the Act respecting The Laurentian Mutual Management Corporation (1990, chapter 98), holds all of the outstanding shares of Former Laurentian Life;

WHEREAS Former Laurentian Life, through The Laurentian Group Corporation, its downstream holding within the meaning of the Act respecting insurance (R.S.Q., chapter A-32), controls legal persons carrying on business primarily in the area of financial services;

WHEREAS since 1 January 1991, following the transfer of certain of its assets to Laurentian Life Inc. (“Laurentian Life”) as permitted by the Act respecting The Laurentian Mutual Management Corporation, Former Laurentian Life has been liquidating its existing portfolio in an orderly manner;

WHEREAS the Confédération des caisses populaires et d'économie Desjardins du Québec (the “Confédération”) is a legal person founded and operated in accordance with cooperative principles, governed by the Savings and Credit Unions Act (R.S.Q.,

chapter C-4.1) and the Act respecting the Mouvement des caisses Desjardins (1989, chapter 113), comprising eleven federations and more than 1 300 local credit unions affiliated to the said federations;

WHEREAS the Confédération offers financial services through legal persons controlled by La société financière des caisses Desjardins inc., a holding company referred to in section 470 of the Savings and Credit Unions Act;

WHEREAS a merger has been proposed between the legal persons controlled by the Mutual Management Corporation (collectively the "Laurentian Group") and certain legal persons controlled by the Confédération;

WHEREAS Desjardins Laurentian Financial Corporation, a new Confédération holding company, has been incorporated specifically with a view to the said merger;

WHEREAS the merger was approved by the directors of the Mutual Management Corporation and Former Laurentian Life at meetings held on 9 November 1993; the members of the Mutual Management Corporation will be called upon to make a decision regarding the said merger at a special meeting to be held on 30 November 1993;

WHEREAS the merger was approved by the directors of the Confédération at a meeting held on 18 October 1993;

WHEREAS Laurco Inc., as sole shareholder of Former Laurentian Life, approved the merger as of 9 November 1993;

WHEREAS for the purposes of the said merger, it is necessary to amend the Act respecting the Mouvement des caisses Desjardins, to enact particular legislative measures which derogate from certain laws of general application and to replace the Act respecting The Laurentian Mutual Management Corporation;

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

## CHAPTER I

### FORMER LAURENTIAN LIFE AND LAURENTIAN LIFE

**1.** Former Laurentian Life may, by by-law requiring only the approval of the directors, continue its existence as a capital stock insurance company governed by the Act respecting insurance (R.S.Q., chapter A-32).

**2.** Sections 200.3, 200.5, 200.6, 200.8 and 200.9 of the Act respecting insurance, adapted as required, shall apply to the continuance of Former Laurentian Life.

**3.** As of and from the date of its letters patent of continuance, Former Laurentian Life shall be deemed to be an insurance company incorporated pursuant to the Act respecting insurance.

**4.** The fees due by Former Laurentian Life for the issuance of letters patent of continuance shall be those set forth in the Regulation respecting the application of the Act respecting insurance (R.R.Q., 1981, chapter A-32, r.1) for the issuance of supplementary letters patent to an insurance company.

**5.** The objects provided for in section 5 of the Act respecting The Laurentian Mutual Management Corporation (1990, chapter 98) with regard to Former Laurentian Life and Laurentian Life shall be maintained and inserted in the letters patent of continuance issued pursuant to this Act and the Act respecting insurance or in the supplementary letters patent issued pursuant to the Act respecting insurance and the Companies Act (R.S.Q., chapter C-38), as the case may be.

Any insurance company which, as a result of one or several mergers, derives its existence from Former Laurentian Life or Laurentian Life, shall benefit from the same objects as Former Laurentian Life and Laurentian Life.

## CHAPTER II

### CHANGES OF CONTROL AND ACCESSORY PROVISIONS

**6.** La société financière des caisses Desjardins inc. may hold shares of Desjardins Laurentian Financial Corporation.

The authorization provided for in section 471 of the Savings and Credit Unions Act (R.S.Q., chapter C-4.1) shall not be required for the purposes of the shareholding referred to in the first paragraph hereof.

**7.** Notwithstanding section 471 of the Savings and Credit Unions Act, Desjardins Laurentian Financial Corporation may acquire shares of the holding companies set forth below, which shall have the effect of granting it control of said holding companies and, *ipso facto*, control of the legal persons which said holding companies control:

1. The holding company of the groupe Desjardins, assurances générales inc; and

2. Desjardins Trustco Inc.

Section 43 of the Act respecting insurance and section 69 of the Act respecting trust companies and savings companies (R.S.Q., chapter S-29.01) shall not apply to the registration of a share transfer which gives effect to a transaction referred to in the first paragraph hereof.

**8.** Section 43 of the Act respecting insurance shall not apply to the registration of the transfer of shares of Desjardins Life Assurance Company Inc. to Desjardins Laurentian Financial Corporation which has the effect of granting the latter control of Desjardins Life Assurance Company Inc.

**9.** Notwithstanding sections 470 and 471 of the Savings and Credit Unions Act, Desjardins Laurentian Financial Corporation may acquire shares of The Laurentian Group Corporation, which shall have the effect of granting it control of the latter and, *ipso facto*, control of the legal persons which the latter controls.

Further, The Laurentian Group Corporation or a holding company controlled by it on (*insert here the date of coming into force of this section*), may maintain a minority investment held on that date.

The Laurentian Group Corporation or a holding company controlled by the latter on (*insert here the date of coming into force of this section*) shall, no later than 5 years from that same date, divest itself of its shares of legal persons other than those carrying on the activities referred to in subparagraph 1 or 2 of the first paragraph of section 470 of the Savings and Credit Unions Act.

Section 43 of the Act respecting insurance and section 69 of the Act respecting trust companies and savings companies shall not apply to the registration of a share transfer which gives effect to a transaction referred to in the first paragraph hereof.

**10.** Notwithstanding subparagraph 2 of the first paragraph of section 285.21 of the Act respecting insurance, Former Laurentian Life may invest in shares or debt securities of Desjardins Laurentian Financial Corporation.

**11.** Notwithstanding subparagraphs *a* and *g* of the first paragraph of section 245 of the Act respecting insurance, Former

Laurentian Life may acquire shares or debt securities of Desjardins Laurentian Financial Corporation in exchange for shares granting it control of The Laurentian Group Corporation.

Notwithstanding subparagraphs *a* and *g* of the first paragraph of section 245 of the Act respecting insurance and for the purposes of section 273 of that Act, the percentage of Former Laurentian Life's assets on 15 March 1991 represented by the total of the investments it held on that date in The Laurentian Group Corporation shall constitute the limit of its investments in Desjardins Laurentian Financial Corporation.

**12.** From the time that Former Laurentian Life ceases to control The Laurentian Group Corporation, Laurco Inc. shall transfer all of the outstanding shares of Former Laurentian Life to La société financière des caisses Desjardins inc.

Section 43 of the Act respecting insurance shall not apply to the registration of a share transfer giving effect to the first paragraph hereof.

**13.** The transfer by Laurco Inc. of all of the outstanding shares of Former Laurentian Life shall result, by the operation of law, in the dissolution of the Mutual Management Corporation and Laurco Inc.

The notice of dissolution of the Mutual Management Corporation and Laurco Inc. shall be published by the Inspector General of Financial Institutions in the *Gazette officielle du Québec*.

### CHAPTER III

#### ACT RESPECTING THE MOUVEMENT DES CAISSES DESJARDINS

**14.** Section 1 of the Act respecting the Mouvement des caisses Desjardins (1989, chapter 113) is amended by adding, at the end, the following paragraph:

“The Confédération shall also offer services through legal persons which it is permitted to control by virtue of the Act respecting trust companies and savings companies.”

**15.** Section 10 of the said Act is amended by adding, after the second paragraph, the following paragraph:

“For purposes of the computation of the limit provided for in the second paragraph, a guarantee given by the Confédération in relation

to financial liabilities of La société financière des caisses Desjardins inc. towards The Laurentian Life and Health Insurance Corporation shall not be taken into account.”

**16.** The said Act is amended by inserting, after section 11, the following section:

**“11.1** The Confédération may, in accordance with the Act respecting the Laurentian Group and the Mouvement des caisses Desjardins (*insert here the chapter number of the said Act in the volume of the statutes of Québec for 1993*), maintain the holding companies which it controls through Desjardins Laurentian Financial Corporation.”

**17.** Section 42 of the said Act is amended by inserting, after paragraph 6, the following paragraph:

“(6.1) subscribe for debt securities issued by The Laurentian Life and Health Insurance Corporation;”.

**18.** The said Act is amended by inserting, after section 50, the following section:

**“50.1** Notwithstanding section 406 of the Savings and Credit Unions Act, the Caisse centrale may acquire preferred shares of The Laurentian Life and Health Insurance Corporation.”

## CHAPTER IV

### TRANSITIONAL AND FINAL PROVISIONS

**19.** This Act replaces the Act respecting the Laurentian Mutual Management Corporation.

Sections 12, 13 and 14, the second paragraph of section 15, as well as sections 17, 18, 19, 24, 25, 28 and 29 of the said Act shall nonetheless remain in force, adapted as required, until the dissolution of the Mutual Management Corporation.

**20.** This Act may be cited as the Act respecting the Laurentian Group and the Mouvement des caisses Desjardins.

**21.** This Act comes into force on (*insert here the date of assent to this Act*), with the exception of sections 6 to 13 and sections 15 to 19, which will come into force on the date of the letters patent of continuance referred to in section 3.