



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-THIRD LEGISLATURE

Bill 113

**An Act respecting the supervision of
certain intermediaries in the
insurance market**

Introduction

**Introduced by
Mr Pierre Fortier
Minister for Finance and Privatization**

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EXPLANATORY NOTES

The object of this bill is to prohibit intermediaries in the insurance market over 20 % of whose shares or voting rights attached to shares are held by financial institutions or financial groups or other market intermediaries over 20 % of whose shares or voting rights attached to shares are held by financial institutions or financial groups, from carrying on activities as brokers in insurance of persons or damage insurance.

The bill provides, however, that the prohibition will not apply to an intermediary over 20 % but under 50 % of whose shares or voting rights attached to shares are so held on the date of the introduction of the bill. It further provides that after that date, the percentage of shares so held can in no case be increased and that if it is decreased, the resulting percentage becomes the new maximum percentage until it attains 20 %. Such a market intermediary is, however, prohibited from holding shares in another market intermediary so long as more than 20 % of its shares or voting rights attached to shares are held by financial institutions, financial groups or other market intermediaries.

Finally, the bill provides that its provisions will have retroactive effect.

Bill 113

An Act respecting the supervision of certain intermediaries in the insurance market

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. For the purposes of this Act, “market intermediary” means any legal person which carries on activities as a broker in insurance of persons or damage insurance.

2. Any aggregate made up of all or some of the following legal persons constitutes a financial group: a federation of federations governed by the Savings and Credit Unions Act (R.S.Q., chapter C-4), the legal persons that are members of the federations that are members of the federation of federations and any other legal person affiliated with any of them.

Any aggregate of legal persons made up of a financial institution not contemplated by the first paragraph and a legal person affiliated with it also constitutes a financial group.

3. Two legal persons are affiliated if one is controlled by the other.

A legal person affiliated with another legal person is deemed affiliated with every legal person affiliated with that other legal person.

4. A legal person is controlled by another legal person where the latter directly or indirectly holds over 50% of the voting rights attached to the shares of the former or may elect a majority of its directors.

5. Notwithstanding any other provision and any permit, licence or certificate, any market intermediary over 20 % of whose shares or voting rights attached to shares are, on or after (*insert here the date of the day following the day of introduction of this Act*), directly or indirectly held by financial institutions or financial groups or other market intermediaries over 20 % of whose shares or voting rights attached to shares are held by financial institutions or financial groups, ceases to meet the conditions required to carry on activities as a broker in insurance of persons or damage insurance.

Any person through whom a market intermediary contemplated by the first paragraph acts also ceases to meet the conditions required to carry on activities as a broker in insurance of persons or damage insurance.

6. Section 5 does not apply to a market intermediary described in that section if over 20 % but under 50 % of its shares or voting rights attached to shares are on (*insert here the date of introduction of this Act*) held as stated in that section. However, no percentage of shares so held may be increased on or after (*insert here the date of the day following the day of introduction of this Act*).

Where on or after (*insert here the date of the day following the day of introduction of this Act*), a market intermediary contemplated by the first paragraph allots its shares or registers a transfer of its shares which results in a decrease in the percentage of shares or voting rights attached to shares directly or indirectly held by financial institutions or financial groups or other market intermediaries over 20 % of whose shares or voting rights attached to shares are held by financial institutions or financial groups, the resulting percentage shall become the maximum percentage of shares or voting rights attached to shares which may be directly or indirectly held by financial institutions or financial groups or other market intermediaries over 20 % of whose shares or voting rights attached to shares are held by financial institutions or financial groups.

The first and second paragraphs shall cease to apply to a market intermediary contemplated thereby where the percentage of its shares or voting rights attached to shares so held attains 20 %.

7. No market intermediary contemplated by the first paragraph of section 6 may directly or indirectly hold shares in another market intermediary carrying on business in Québec, so long as over 20 % of its shares or voting rights attached to shares are directly or indirectly held by financial institutions or financial groups or other market intermediaries over 20 % of whose shares or voting rights attached to shares are held by financial institutions or financial groups.

Any market intermediary contemplated by the first paragraph which on *(insert here the date of introduction of this Act)* directly or indirectly holds shares in another market intermediary may continue to hold such shares. However, no percentage of shares so held may be increased on or after *(insert here the date of the day following the day of introduction of this Act)* and if on or after that date it is decreased, the resulting percentage shall become the maximum percentage of such shares that the market intermediary may hold so long as over 20% of its shares or voting rights attached to shares are directly or indirectly held by financial institutions or financial groups or other market intermediaries over 20% of whose shares or voting rights attached to shares are held by financial institutions or financial groups.

8. Section 5 shall apply to any market intermediary contemplated by section 6 or 7 which contravenes any provision of either section.

9. The Government shall designate the minister responsible for the carrying out of this Act.

10. This Act has effect from *(insert here the date of introduction of this Act)*.

11. This Act comes into force on *(insert here the date of assent to this Act)*.