



NATIONAL ASSEMBLY

COND SESSION

THIRTY-THIRD LEGISLATURE

Bill 206
(Private)

An Act respecting Laurentian Mutual Insurance

Introduction

Introduced by
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Member for Vanier

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(Private)

An Act respecting Laurentian Mutual Insurance

WHEREAS Laurentian Mutual Insurance was incorporated by letters patent issued on 3 March 1938, under the corporate name “The Laurentian Life Assurance Company”;

Whereas pursuant to chapter 185 of the statutes of 1959, The Laurentian Life Assurance Company was converted into a mutual life insurance company;

Whereas under chapter 90 of the statutes of 1962, the powers of The Laurentian Life Assurance Company were broadened and its corporate name was changed to “The Laurentian Mutual Assurance Company”;

Whereas under chapter 49 of the statutes of 1981, The Laurentian Mutual Assurance Company and The Canadian Provident were amalgamated and continued as a single mutual insurance company under the corporate name “The Laurentian Mutual Insurance”;

Whereas pursuant to its by-law No. 2, approved by its members on 21 May 1985 in accordance with section 93.1 of the Act respecting insurance (R.S.Q., chapter A-32) and subsequently ratified by the Inspector General of Financial Institutions, The Laurentian Mutual Insurance issued 1 320 000 preferred equity shares at a par value of \$25 each, which shares are currently outstanding, paid up in full and listed on the Stock Exchanges as “Class A Preferred Shares”;

Whereas The Laurentian Mutual Insurance wishes to convert into a capital stock insurance company committed to the pursuit of its

business and into a mutual management corporation grouping policyholders so as to control the capital stock insurance company resulting from the conversion;

Whereas, by a unanimous vote, the directors of The Laurentian Mutual Insurance have adopted a resolution approving the proposed conversion of The Laurentian Mutual Insurance;

Whereas a committee of experts has been set up for the purpose, in particular, of appraising the fair market value of The Laurentian Mutual Insurance;

Whereas the proposed conversion affects neither the rights of the insured nor the interest of the general public;

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

CHAPTER I

DEFINITIONS

1. In this Act unless the context indicates otherwise:

“**mutual management corporation**” means the mutual management corporation resulting from the conversion of The Laurentian Mutual Insurance;

“**Mutual**” means The Laurentian Mutual Insurance;

“**Laurentian Life**” means the capital stock insurance company resulting from the conversion of The Laurentian Mutual Insurance;

“**Minister**” means the Minister responsible for the administration of the Act respecting insurance.

CHAPTER II

CONVERSION

2. The Mutual is converted into a capital stock insurance company and a mutual management corporation. Its corporate existence is continued, without interruption, as two separate legal persons in accordance with the provisions of this Act.

3. Laurentian Life continues, under its own corporate name, the existence of the Mutual in every respect except with regard to the rights of policyholders who are members thereof which, subject to the second paragraph of section 12, shall henceforth be exercised exclusively through the mutual management corporation. The rights and obligations of the Mutual are not affected by the conversion.

In all contracts or documents referring to the Mutual, the corporate name of Laurentian Life replaces *pleno jure*, without further formality, that of the Mutual. All legal actions pending prior to the conversion may be pursued by or against Laurentian Life without continuance of suit.

4. The mutual management corporation continues the existence of the Mutual solely for the purpose of ensuring that the rights of policyholders who are members of the Mutual are preserved; these rights shall henceforth be exercised through the mutual management corporation in accordance with this Act. The mutual management corporation shall not otherwise enjoy any of the rights, property or privileges of the Mutual, nor otherwise be responsible for the Mutual's obligations.

CHAPTER III

LAURENTIAN LIFE INSURANCE COMPANY INC.

DIVISION I

CORPORATE NAME, HEAD OFFICE AND POWERS

5. The corporate name of Laurentian Life is “Laurentienne vie, compagnie d’assurance inc.” and its English version “Laurentian Life Insurance Company Inc.”.

6. The head office of Laurentian Life is located in the judicial district of Québec.

7. Laurentian Life is incorporated for the purpose of engaging in the business of life and health insurance and reinsurance in accordance with the Act respecting insurance.

Without limiting the generality of the foregoing, Laurentian Life may

(1) make contracts

(a) of life insurance and insurance against accidents, disability, sickness and all other risks of a similar nature;

(b) of indemnity for hospital, medical, surgical, dental, nursing, pharmaceutical expenses and all other expenses of the same nature incurred by reason of accident, sickness or maternity;

(c) of capitalization and of sinking-funds;

(d) of fixed rent and annuities;

(2) carry on business respecting variable annuity and rent contracts.

Laurentian Life may also undertake or engage in such classes of insurance as may be established by the Act respecting insurance or the regulation thereunder.

DIVISION II

ADMINISTRATION

8. The directors and officers of the Mutual in office prior to its conversion are the first directors and officers of Laurentian Life.

Those directors shall remain in office until the next annual general meeting unless they resign or unless a vacancy on the board of directors occurs prior to the said meeting.

9. Subject to the Act respecting insurance, the by-laws of the Mutual are those of Laurentian Life, adapted as required, until they are amended or replaced by the directors.

DIVISION III

CAPITAL STOCK

10. The authorized capital stock of Laurentian Life consists of 500 000 000 common shares with no par value, issuable for a total consideration of \$500 000 000, and of 1 320 000 class A preferred shares with a par value of \$25 each.

11. The 1 320 000 preferred equity shares issued by the Mutual remain outstanding as fully paid-up class A preferred shares of Laurentian Life, the rights and privileges of their owners not being affected by the conversion.

12. Following the coming into force of this Act, the directors of Laurentian Life shall hold a first meeting during which they shall issue and allot to the mutual management corporation, as paid up in full,

common shares for the value and paid-up capital determined by the committee of experts and approved by the Inspector General of Financial Institutions.

Until such time as the common shares contemplated by this section are issued, the members of the Mutual may vote at any general meeting of Laurentian Life as though the conversion had not occurred. This right is in addition to those the members enjoy through the mutual management corporation and shall expire by operation of law, with no compensation whatsoever, upon the issue of shares contemplated by this section.

13. In no case shall Laurentian Life issue and allot shares of its capital stock if, as a consequence, the mutual management corporation would, at any time, cease to hold more than 50% of the voting rights attached to the voting shares of Laurentian Life's capital stock.

Subject to section 12, all Laurentian Life share issues and all transfers of Laurentian Life shares held by the mutual management corporation are subject to prior approval of the Minister, under pain of absolute nullity.

CHAPTER IV

LAURENTIAN MUTUAL MANAGEMENT CORPORATION

14. The object of the mutual management corporation is to control Laurentian Life at all times. It may also hold securities of other financial institutions.

15. Every holder of an insurance policy issued by the Mutual or Laurentian Life is a member of the mutual management corporation.

Each member is entitled to one vote, regardless of the number or value of the policies held by him. Every member may vote in person or by proxy.

DIVISION I

CORPORATE NAME AND HEAD OFFICE

16. The corporate name of the mutual management corporation is "Laurentienne, corporation mutuelle de gestion" and its English version "Laurentian Mutual Management Corporation".

17. The head office of the mutual management corporation is located in the judicial district of Québec.

DIVISION II

ADMINISTRATION

18. The directors of the Mutual in office prior to its conversion are the first directors of the mutual management corporation.

Those directors shall remain in office until the first annual general meeting unless they resign or unless a vacancy occurs on the board of directors prior to the said meeting.

The officers and employees of Laurentian Life shall not constitute more than one-third of the board of directors of the mutual management corporation.

19. The by-laws of the Mutual are those of the mutual management corporation, adapted as required, until they are amended or replaced by the directors.

DIVISION III

OTHER PROVISIONS

20. Sections 88 to 93.1 of the Act respecting insurance, adapted as required, apply to the mutual management corporation.

21. In the absence of a corresponding provision in this chapter and subject to section 20 of this Act, section 88, paragraph 3 of section 89 and sections 89.1 to 89.4 of Part I and the provisions of Part II of the Companies Act (R.S.Q., chapter C-38), adapted as required, apply to the mutual management corporation with the exception of sections 126, 129 and 130, 136.1, 139 to 141, 143 to 168, 171 to 181, paragraph 3 of section 182, paragraphs *a* and *b* of subsection 2 of section 185, sections 187 and 190, paragraphs *j* and *k* of subsection 3 of section 191, section 192, sections 195 and 196, paragraphs *d* and *e* of subsection 1, and subsection 2 of section 197.

The Government may, however, by order, exempt the mutual management corporation from the application of a provision of the Companies Act, make such a provision applicable or modify the manner in which such a provision applies to the mutual management corporation.

22. The dissolution of Laurentian Life entails the dissolution of the Mutual Management Corporation and vice versa.

23. The Winding-up Act (R.S.Q., chapter L-4), adapted as required, applies to the Mutual Management Corporation.

24. For the purposes of the Companies Act and the Winding-up Act, “company” means the mutual management corporation, “shareholder” means a member of the mutual management corporation and where a provision of the said Acts refers to a fixed percentage in value of a company’s capital stock, the provision shall be construed as meaning the number of members representing a value equal to the said fixed percentage.

25. The expenses inherent in the operation of the Mutual Management Corporation may be assumed by Laurentian Life.

DIVISION IV

TRANSITIONAL PROVISIONS

26. This Act replaces the Act respecting Les Prévoyants du Canada and The Laurentian Mutual Insurance Company (1981, chapter 49).

27. This Act comes into force on the date set by the Government following the favorable recommendation of the Inspector General of Financial Institutions.