

BILL

No. 15 of 2003

An Act to amend *The Saskatchewan Insurance Act*

(Assented to _____, 2003)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

Short title

1 This Act may be cited as *The Saskatchewan Insurance Amendment Act, 2003*.

R.S.S. 1978, c.S-26 amended

2 *The Saskatchewan Insurance Act* is amended in the manner set forth in this Act.

Section 2 amended

3 **Subsection 2(1) is amended:**

(a) by repealing clauses (a) and (b);

(b) by adding the following clause before clause (c):

“(b.1) ‘actuary’ means a Fellow of the Canadian Institute of Actuaries”;

(c) by repealing clause (e);

(d) by repealing clause (f) and substituting the following:

“(f) ‘approved securities’ means, other than in Part XIV:

(i) cash; or

(ii) securities in which trustees are by law permitted to invest trust funds and that are approved by the superintendent”;

(e) by adding the following clause after clause (g):

“(g.1) ‘attorney’ means a person authorized by a group of subscribers pursuant to a power of attorney to:

(i) sign a reciprocal contract on behalf of the group of subscribers; and

(ii) act on behalf of the group of subscribers with respect to any other matter specified in the power of attorney that relates to reciprocal contracts”;

(f) by repealing clauses (i) and (k);

(g) in clause (n) by striking out “incorporated or registered under *The Co-operative Associations Act* or any former *Co-operative Associations Act*” **and substituting** “incorporated, continued or registered pursuant to *The Co-operatives Act, 1996* or any former *Co-operatives Act*”;

(h) by repealing clauses (p), (q), (r), (t), (u), (v), (w), (bb), (cc), (ff), (kk), (ll), (mm), (pp), (uu), (vv), (ww) and (bbb);

(i) in clause (ccc) by striking out “registered under the *Canadian and British Insurance Companies Act (Canada)*” **and substituting** “authorized to carry on business pursuant to the *Insurance Companies Act (Canada)*”;

(j) by adding the following clauses after clause (ccc):

“(ccc.1) ‘**reciprocal contract**’ means a reciprocal contract of indemnity or inter-insurance;

“(ccc.2) ‘**reciprocal insurance exchange**’ means a group of subscribers exchanging reciprocal contracts of indemnity or inter-insurance with each other through the same attorney”;

(k) by repealing clauses (ddd) to (ggg);

(l) by adding the following clause before clause (hhh):

“(ggg.1) ‘**subscriber**’ means a person who exchanges a reciprocal contract with one or more persons”; **and**

(m) by repealing clauses (iii), (jjj), (lll) and (mmm).

Section 2.1 repealed

4 Section 2.1 is repealed.

Section 8 amended

5 Clause 8(1)(b) is repealed.

Section 17 amended

6 Subsection 17(1) is repealed and the following substituted:

“(1) The superintendent shall:

(a) visit personally or cause to be visited at least once in every year, the head office of every licensed provincial insurer;

(b) inspect and examine or cause to be inspected and examined the condition and affairs of each insurer mentioned in clause (a); and

(c) report to the minister on the condition and affairs of each insurer mentioned in clause (a) with respect to all matters that the superintendent considers as requiring the minister’s attention and decision.

“(1.1) Notwithstanding subsection (1), if the superintendent considers that the circumstances respecting any insurer warrant less frequent visits, inspections and examinations, the superintendent may make any visit, inspection and examination required by this section, or cause any visit, inspection and examination required by this section to be made less frequently than annually but not less frequently than once in every three years”.

New section 21**7 Section 21 is repealed and the following substituted:****“Annual report**

21(1) The superintendent shall prepare an annual report for the minister from the annual returns filed by insurers and from any inspection or inquiries made.

(2) Every annual report prepared pursuant to this section must show the particulars of the business of each insurer as ascertained from each annual return filed by the insurer and each inspection and inquiry of the insurer.

(3) The minister may cause each annual report to be printed and published immediately after completion”.

New section 22**8 Section 22 is repealed and the following substituted:****“Superintendent’s power re annual report**

22(1) In the annual report prepared pursuant to section 21, the superintendent shall allow as assets only those investments of any provincial insurer or reciprocal insurance exchange that:

- (a) are authorized by this Act; or
- (b) were authorized by law at the time of their acquisition.

(2) In the annual report prepared pursuant to section 21, the superintendent:

- (a) shall make all necessary corrections in the annual return made by any insurer as provided by this Act; and
- (b) may increase or diminish the liabilities of any insurer to their true and correct amounts as ascertained by the superintendent in the examination of the affairs of the insurer”.

Section 23 amended**9 Subsection 23(1) is repealed and the following substituted:**

“(1) If the superintendent believes, based on the annual return prepared and delivered to the superintendent by an insurer, that the value placed by any provincial insurer or reciprocal insurance exchange on any of its real estate is too great, the superintendent may:

- (a) require the insurer to secure an appraisal of that real estate by one or more competent valuers; or
- (b) obtain an appraisal of that real estate.

“(1.1) If the superintendent obtains an appraisal pursuant to clause (1)(b), the insurer shall pay the cost of that appraisal and the cost of the appraisal is a debt due and owing to the Crown in right of Saskatchewan.

“(1.2) If the appraised value of real estate stated in an appraisal obtained pursuant to subsection (1) varies materially from the statement made by the insurer in its annual return, the superintendent may substitute the appraised value of real estate stated in the appraisal in the annual report prepared pursuant to section 21”.

New section 25.1

10 The following section is added after section 25:**“Mutual benefit societies**

25.1(1) In this section, ‘**mutual benefit society**’ means an entity formed for the purpose of providing sickness, disability or funeral benefits for its members.

- (2) This Act does not apply to a mutual benefit society if:
- (a) in the case of sickness or disability benefits, the mutual benefit society provides benefits not exceeding \$12 per week with respect to any one member; and
 - (b) in the case of funeral benefits, the mutual benefit society provides benefits not exceeding \$400 with respect to any one funeral”.

Section 26 amended

11 Section 26 is amended by striking out “Nothing” and substituting “Subject to section 390, nothing”.

Section 27 amended

12 Section 27 is amended by striking out “under the *Canadian and British Insurance Companies Act* (Canada) continuing it as if it were incorporated under” and substituting “pursuant to the *Insurance Companies Act* (Canada) continuing it as if it were incorporated pursuant to”.

Section 29 amended

13(1) Subsection 29(1) is amended:

- (a) **by striking out “Upon” and substituting “Subject to subsection (1.1), on”;**
- (b) **by repealing clause (e);**
- (c) **in clause (g) by striking out “or inter-insurance” and substituting “insurance”; and**
- (d) **by repealing clause (i).**

(2) The following subsection is added after subsection 29(1):

- “(1.1) A fraternal society is eligible for a licence pursuant to this Act only if:
- (a) the fraternal society is a fraternal benefit society that is authorized to commence and carry on business pursuant to the *Insurance Companies Act* (Canada); or
 - (b) the fraternal society, other than a fraternal benefit society mentioned in clause (a), holds a valid licence pursuant to this section on the date on which subsection 13(2) of *The Saskatchewan Insurance Amendment Act, 2003* comes into force”.

(3) Subsection 29(2) is amended by striking out “defined in section 2 and such other classes as may be defined by” and substituting “prescribed in”.

Section 33 amended

14 Subsection 33(1) is amended by striking out “loss or damage by fire, lightning or explosion and may insure the same property against loss or damage from falling aircraft, earthquake, windstorm, tornado, hail, sprinkler leakage, riot, malicious damage, weather, water damage, smoke damage, civil commotion and impact by vehicles and any one or more perils falling within such other classes of insurance as are defined by the regulations” **and substituting** “any loss or damage prescribed in the regulations”.

Section 37 amended

15(1) Subsection 37(1) is amended:

(a) in the portion preceding clause (a) by adding “, other than an insurer that is a reciprocal insurance exchange,” **after** “the insurer”; **and**

(b) in clause (b) by striking out “balance sheet” **and substituting** “financial statements”.

(2) The following subsection is added after subsection 37(1):

“(1.1) Before the issue of a licence to a reciprocal insurance exchange, the reciprocal insurance exchange shall file with the superintendent:

(a) any information, document or declaration required by the superintendent; and

(b) any other thing prescribed in the regulations”.

(3) Subsection 37(2) is amended by striking out “The insurer shall” **and substituting** “Every insurer shall, on request,”.

(4) Subsection 37(3) is amended by striking out “registered under the *Canadian and British Insurance Companies Act* (Canada) or the *Foreign Insurance Companies Act* (Canada)” **and substituting** “authorized to carry on business pursuant to the *Insurance Companies Act* (Canada)”.

Sections 38 and 39 repealed

16 Sections 38 and 39 are repealed.

New section 40

17 Section 40 is repealed and the following substituted:

“Requirements to obtain licence

40 The superintendent shall not issue a licence to an insurer until the superintendent is satisfied that the insurer has met all the requirements of this Act”.

Section 43 amended

18 Subsection 43(1) is repealed and the following substituted:

“(1) The superintendent may suspend or cancel the licence of an insurer who fails to pay either of the following within 60 days:

(a) an undisputed claim after the claim becomes due;

(b) a disputed claim after final judgment and tender of a valid discharge”.

New section 48**19 Section 48 is repealed and the following substituted:****“Revival of licence**

48 If the licence of an insurer is suspended or cancelled pursuant to this Act, it may be revived if the insurer corrects the deficiency or remedies its default to the satisfaction of the minister”.

Sections 49 to 80 repealed**20 Sections 49 to 80 are repealed.****Section 82 amended****21 Subsection 82(1) is repealed and the following substituted:**

“(1) Every provincial insurer and every reciprocal insurance exchange shall keep the classification of its contracts and the registers and books of account that the superintendent may direct or authorize.

“(1.1) If it appears to the superintendent that the classifications, registers or books mentioned in subsection (1) are not kept in a businesslike way so as to make at any time a proper showing of the affairs and standing of the insurer, the superintendent shall nominate an accountant to:

- (a) audit the classifications, registers or books; and
- (b) give those instructions that will enable the officers of the insurer to keep the classification, registers and books correctly.

“(1.2) An accountant nominated pursuant to subsection (1.1) is to act pursuant to any direction of the superintendent”.

Section 82.1 amended**22 Section 82.1 is amended by adding “and reciprocal insurance exchange” after “Every provincial insurer”.****Section 83.1 repealed****23 Section 83.1 is repealed.****Sections 84 and 85 repealed****24 Sections 84 and 85 are repealed.****New section 85.1****25 The following section is added before section 86:****“Financial year**

85.1(1) Each insurer must designate one of the following in its bylaws as its financial year:

- (a) the period commencing on November 1 in one year and ending on October 31 in the following year;
- (b) the period commencing on January 1 in one year and ending on December 31 in the same year.

(2) If an insurer is issued an initial licence pursuant to section 29 after July 1 in any year, the first financial year of the insurer ends on either October 31 or December 31 in the following year, as designated by the insurer in its bylaws”.

New sections 86 to 86.3

26 Section 86 is repealed and the following substituted:

“Annual return re provincial insurers

86(1) In this section, ‘**annual return**’ means the annual return required by subsection (2).

(2) Within the period specified in subsection (3), every licensed provincial insurer must submit an annual return to the superintendent that meets the requirements of subsections (4) and (5).

(3) The annual return must be filed:

(a) in the case of a provincial insurer that is limited by the superintendent pursuant to subsection 29(3) to the reinsurance of risks, within 105 days after the end of the financial year to which the return relates; or

(b) in the case of any other provincial insurer, within 60 days after the end of the financial year with respect to which the return relates.

(4) The annual return must:

(a) be in a form acceptable to the superintendent;

(b) contain the following information:

(i) the provincial insurer’s name;

(ii) the address of the head office of the provincial insurer;

(iii) the names and residential addresses of its directors;

(iv) the names of its officers and auditor;

(v) the name and address of its attorney for service;

(vi) if the insurer’s records are held outside Saskatchewan pursuant to section 82.1, the address at which those records are located;

(c) set out the following:

(i) the assets, liabilities, revenues and expenditures of the provincial insurer for the financial year;

(ii) particulars of the business done in Saskatchewan during the financial year; and

(iii) any other information considered necessary by the superintendent; and

(d) be approved and signed by:

(i) the president, vice-president or managing director or other director appointed for the purpose by the board of directors of the insurer; and

(ii) the secretary or manager of the insurer.

- (5) The annual return must be accompanied by the following:
- (a) financial statements for the financial year to which the return relates;
 - (b) an auditor's report that:
 - (i) is conducted and prepared in accordance with this Act and the regulations; and
 - (ii) is satisfactory to the superintendent;
 - (c) if required by the superintendent, an actuary's report that:
 - (i) is conducted and prepared in accordance with this Act and the regulations; and
 - (ii) is satisfactory to the superintendent.

“Annual return re reciprocal insurance exchange

86.1(1) Section 86 applies, with any necessary modification, to a licensed reciprocal insurance exchange.

- (2) In addition to the information required pursuant to section 86, the annual return of a reciprocal insurance exchange must:
- (a) contain the name and address of the attorney for the reciprocal insurance exchange; and
 - (b) set out the particulars respecting the reserve fund and guarantee fund maintained by the reciprocal insurance exchange.

“Standards of financial reporting

86.2(1) Subject to subsection (2):

- (a) every financial statement prepared pursuant to this Act or the regulations must be prepared in accordance with generally accepted accounting principles, including the accounting recommendations of the Canadian Institute of Chartered Accountants set out in the Handbook published by that Institute, as amended from time to time;
 - (b) every auditor's examination conducted pursuant to this Act or the regulations must be conducted in accordance with generally accepted auditing standards, including the auditing recommendations of the Canadian Institute of Chartered Accountants set out in the Handbook published by that Institute, as amended from time to time; and
 - (c) every actuary's report prepared pursuant to this Act or the regulations must be prepared in accordance with accepted actuarial practices described in the Standards of Practice of the Canadian Institute of Actuaries, as amended from time to time.
- (2) Any modification established by the superintendent to the principles, standards or practices mentioned in clauses (1)(a) to (c) must be taken into account in the preparation of the documents mentioned in clauses (1)(a) to (c).

“Audited financial statements to be provided to policyholders

86.3 On receipt of a written request from a policyholder who is resident in Saskatchewan, a licensed provincial insurer must provide the policyholder with a copy of the insurer’s latest audited financial statements”.

New sections 87 and 87.1

27 Section 87 is repealed and the following substituted:

“Annual return re insurers other than provincial insurers and reciprocal insurance exchanges

87(1) In this section, ‘**annual return**’ means the annual return required by subsection (2).

(2) Every insurer licensed pursuant to this Act that is not a licensed provincial insurer or licensed reciprocal insurance exchange shall submit an annual return that sets out the particulars of the insurer’s insurance business written in Saskatchewan during that year.

(3) The annual return must be filed:

(a) in the case of an insurer that is limited by the superintendent pursuant to subsection 29(3) to the reinsurance of risks, within 105 days after the end of the financial year to which the return relates; or

(b) in the case of any other insurer, within 60 days after the end of the financial year to which the return relates.

(4) The annual return must be submitted to:

(a) the superintendent; or

(b) any other government, regulatory authority or person named by the superintendent if:

(i) the superintendent has entered into an information sharing agreement with that government, regulatory authority or person pursuant to section 10.2; and

(ii) the superintendent has notified the insurer in writing that the annual return is to be submitted to that government, regulatory authority or person.

“Interim financial statements

87.1 Every insurer licensed pursuant to this Act shall, on request, provide the superintendent with interim financial statements:

(a) for the period specified by the superintendent;

(b) containing any information the superintendent considers necessary; and

(c) within the period specified by the superintendent”.

Sections 88 to 92 repealed

28 Sections 88 to 92 are repealed.

Section 95 repealed

29 Section 95 is repealed.

Section 119 amended

30 Subsection 119(4) is amended by striking out “or inter-insurance” and substituting “insurance”.

Section 128 amended

31 Statutory Condition 3 in section 128 is amended by striking out “authorize assignment under the *Bankruptcy Act*” and substituting “authorized assignment pursuant to the *Bankruptcy and Insolvency Act (Canada)*”.

Section 154 amended

32 Subsection 154(2) is amended by striking out “*The Wills Act*” and substituting “*The Wills Act, 1996*”.

Section 161 amended

33(1) Subsection 161(1) is amended by striking out “*The Wills Act*” and substituting “*The Wills Act, 1996*”.

(2) Subsection 161(2) is amended by striking out “*mutatis mutandis*” and substituting “with any necessary modification”.

Section 165 repealed

34 Section 165 is repealed.

Section 192 amended

35 Statutory Condition 1(2)(a) in section 192 is amended by striking out “under the *Bankruptcy Act (Canada)*” and substituting “pursuant to the *Bankruptcy and Insolvency Act (Canada)*”.

Section 208 amended

36 Subsection 208(1) is amended by striking out “under the *Atomic Energy Control Act (Canada)*” and substituting “pursuant to the *Nuclear Safety and Control Act (Canada)*”.

Section 215 amended

37 Clause 215(1)(c) is amended by striking out “mentioned in subclause 2(i)(i)” and substituting “prescribed in the regulations”.

Section 216 amended

38 Clause 216(1)(a) is amended by striking out “mentioned in subclause 2(i)(i)” and substituting “prescribed in the regulations”.

Section 217 amended

39 Clause 217(1)(a) is amended by striking out “mentioned in subclause 2(i)(i)” and substituting “prescribed in the regulations”.

Section 224 amended

40(1) Subsection 224(1) is amended by striking out “2(tt)” and substituting “2(1)(tt)”.

(2) Subsection 224(3) is amended by striking out “under Part II of *The Automobile Accident Insurance Act*” and substituting “pursuant to *The Automobile Accident Insurance Act*”.

Section 235 amended

41 Clause 235(8)(a) is amended by adding “fraternal” after “the Act or instrument of incorporation of the”.

Section 270 amended

42 Subsection 270(2) is amended by striking out “2(yy)” and substituting “2(1)(yy)”.

New section 338

43 Section 338 is repealed and the following substituted:

“Interpretation of Part

338 In this Part, ‘**rates of contribution**’ means the regular net premiums, dues, rates or contributions receivable from the members of a fraternal society for the purpose of the payment at maturity of the fraternal society’s certificates or contracts of insurance”.

New section 339

44 Section 339 is repealed and the following substituted:

“Application of Part

339 This Part applies to all fraternal societies, other than fraternal benefit societies authorized to commence and carry on business pursuant to the *Insurance Companies Act (Canada)*, that hold a valid licence pursuant to this Act on the date on which section 44 of *The Saskatchewan Insurance Amendment Act, 2003* comes into force”.

Section 340 amended

45 Clause 340(f) is repealed.

Sections 341 to 347 repealed

46 Sections 341 to 347 are repealed.

Section 348 amended

47(1) Subsection 348(1) is amended:

- (a) by adding “fraternal” before “society” wherever it appears; and**
- (b) by striking out “25 cents” and substituting “a reasonable fee”.**

(2) Subsection 348(2) is amended by adding “fraternal” before “society”.

Sections 349 and 350 repealed

48 Sections 349 and 350 are repealed.

Section 351 amended

49(1) Subsection 351(1) is amended by adding “fraternal” before “society”.

(2) Subsection 351(2) is amended by adding “fraternal” before “society” wherever it appears.

(3) Subsection 351(4) is amended by adding “fraternal” before “society”.

New section 351.1

50 The following section is added after section 351:**“Insurance policy and terms and conditions to be provided**

351.1(1) When a person becomes a member of a fraternal society, the fraternal society must provide that person with an insurance policy that contains or has attached all of the terms and conditions of the contract of insurance.

(2) If a fraternal society amends the terms and conditions of a contract of insurance, the fraternal society must provide notice of the amendment to each affected member as soon as is practicable.

(3) A term or condition of a contract of insurance is not enforceable against a member of a fraternal society unless:

(a) a copy of the term or condition has been previously provided to the member; or

(b) the fraternal society has made reasonable attempts to provide a copy of the term or condition to the member”.

Section 353 amended

51 Section 353 is amended by adding “fraternal” before “society”.

Section 355 repealed

52 Section 355 is repealed.

Section 356 amended

53 Subsection 356(1) is amended by adding “fraternal” before “society” wherever it appears.

Sections 357 and 358 repealed

54 Sections 357 and 358 are repealed.

New section 359

55 Section 359 is repealed and the following substituted:**“Information to be provided when required**

359(1) The superintendent may require a fraternal society to provide to its members information respecting the financial condition of the fraternal society.

(2) A fraternal society must provide the information required by subsection (1) to its members:

(a) at the times required by the superintendent; and

(b) in a form acceptable to the superintendent”.

Section 360 amended

56(1) Subsection 360(1) is amended by adding “fraternal” before “society” wherever it appears.**(2) Subsection 360(2) is amended by adding “fraternal” before “society” wherever it appears.**

(3) Subsection 360(3) is amended:

- (a) by adding “fraternal” after “On receipt of the request the”; and**
- (b) by striking out “the actuary appointed by the society” and substituting “an actuary”.**

(4) Subsection 360(4) is amended by adding “fraternal” before “society” wherever it appears.

Section 361 amended

57 Section 361 is amended by adding “fraternal” before “society” wherever it appears.

Section 362 amended

58 Section 362 is amended:

- (a) by adding “fraternal” before “society” wherever it appears; and**
- (b) by adding “fraternal” before “society’s”.**

Section 363 amended

59 Section 363 is amended by adding “fraternal” before “society” wherever it appears.

Section 365 amended

60 Section 365 is amended by adding “fraternal” before “society”.

New section 366

61 Section 366 is repealed and the following substituted:

“Separate accounts to be maintained

366 A fraternal society shall maintain a separate account with respect to each class of insurance for which it is authorized to insure risks”.

Section 367 repealed

62 Section 367 is repealed.

Section 368 amended

63 Section 368 is amended by adding “fraternal” before “society” wherever it appears.

Section 369 amended

64 Section 369 is amended by adding “fraternal” before “society” wherever it appears.

Section 370 repealed

65 Section 370 is repealed.

New section 371

66 Section 371 is repealed and the following substituted:**“New benefits or rates of contribution**

371(1) Subject to subsection (2), no fraternal society shall put into effect new or additional benefits or any new scale of rates of contribution under certificates of insurance until 30 days after the fraternal society files a notice of the changes with the superintendent.

(2) On receipt of the notice mentioned in subsection (1), the superintendent may require the fraternal society to do the following before the changes are put into effect:

- (a) obtain a certificate from an actuary that approves the benefits or rates of contribution;
- (b) provide the original certificate obtained in accordance with clause (a) to the superintendent”.

Part XIII repealed

67 Part XIII is repealed.

New heading to Part XIV

68 The heading to Part XIV is struck out and the following substituted:

**“PART XIV
Reciprocal Insurance Exchanges”.**

New section 374

69 Section 374 is repealed and the following substituted:**“Interpretation of Part**

374 In this Part, **‘approved securities’** means, with respect to a reciprocal insurance exchange that has its head office:

- (a) in Saskatchewan, investments that a provincial insurer is permitted to make pursuant to this Act or the regulations;
- (b) in a jurisdiction inside Canada but outside Saskatchewan, investments that the reciprocal insurance exchange is permitted to make pursuant to the laws of that jurisdiction; and
- (c) in a jurisdiction outside Canada, investments that the reciprocal insurance exchange is permitted to make pursuant to Part XIII of the *Insurance Companies Act (Canada)*”.

Section 376 amended

70 Section 376 is amended by striking out “an exchange” and substituting “a reciprocal insurance exchange”.

Section 377 amended

71 Section 377 is amended by striking out “as hereinafter provided” and substituting “pursuant to this Act or the regulations”.

Section 379 repealed

72 Section 379 is repealed.

New sections 380 and 380.1

73 Section 380 is repealed and the following substituted:**“Fire insurance**

380 The superintendent shall not issue a licence to a reciprocal insurance exchange to exchange a reciprocal contract with respect to loss caused by fire unless the superintendent is satisfied that:

- (a) the reciprocal insurance exchange has received applications for reciprocal contracts for at least the number of separate risks in Saskatchewan or elsewhere prescribed in the regulations; and
- (b) the value of the property insured totals not less than the amount prescribed in the regulations.

“Automobile insurance

380.1 The superintendent shall not issue a licence to a reciprocal insurance exchange to exchange a reciprocal contract with respect to automobiles unless the superintendent is satisfied that:

- (a) the reciprocal insurance exchange has received applications for reciprocal contracts for at least the number of automobiles prescribed in the regulations; and
- (b) arrangements have been made for the re-insurance of all liabilities in excess of the limits prescribed in the regulations”.

Section 381 repealed

74 Section 381 is repealed.

New sections 382 to 384

75 Sections 382 to 384 are repealed and the following substituted:**“Requirements for fire insurance**

382(1) A reciprocal insurance exchange that is licensed to exchange reciprocal contracts with respect to fire insurance must ensure that no subscriber has assumed, on any single fire insurance risk, an amount greater than 10% of the subscriber’s net worth.

(2) The superintendent may require the attorney of a reciprocal insurance exchange that is licensed to exchange reciprocal contracts with respect to fire insurance to file a statement under oath that:

- (a) shows the maximum amount of indemnity on any single fire insurance risk; and
- (b) states that no subscriber has assumed, on any single fire insurance risk, an amount greater than 10% of the subscriber’s net worth.

“Reserve fund

383 Every reciprocal insurance exchange must maintain a reserve fund in cash or approved securities in an amount calculated in accordance with the regulations.

“Guarantee fund

384(1) Every reciprocal insurance exchange must maintain a guarantee fund in cash or approved securities in an amount calculated in accordance with the regulations.

(2) Cash or approved securities that are maintained in the reserve fund pursuant to section 383 are not to be included in the guarantee fund”.

Sections 386 to 388 repealed

76 Sections 386 to 388 are repealed.

New section 388.1

77 The following section is added before section 389:

“Investments

388.1 Every reciprocal insurance exchange must ensure that any funds it invests are invested in approved securities”.

Section 389 amended

78 Section 389 is amended by adding “reciprocal insurance” before “exchange”.

New section 390

79 Section 390 is repealed and the following substituted:

“No reinsurance in another exchange

390 No attorney or reciprocal insurance exchange shall reinsure the risks undertaken by the reciprocal insurance exchange in any other reciprocal insurance exchange”.

Section 392 amended

80 Subsection 392(1) is amended by adding “reciprocal insurance” before “exchange” wherever it appears.

New section 402.1

81 The following section is added before section 403:

“Interpretation of sections 403 to 415

402.1 In this section and in sections 403 to 415:

(a) **‘insured person’** means a person who enters into a subsisting contract of insurance with an insurer and includes:

(i) every person insured by a contract, whether named or not;

(ii) every person to whom or for whose benefit all or part of the proceeds of a contract of insurance are payable; and

(iii) every person entitled to have insurance money applied towards satisfaction of that person’s judgment in accordance with section 210;

(b) **‘loss’** includes the happening of an event or contingency by reason of which a person becomes entitled to a payment under a contract of insurance of money other than a refund of unearned premiums;

(c) **‘Saskatchewan contract’** means a subsisting contract of insurance that:

- (i) has for its subject:
 - (A) property that at the time of the making of the contract is in Saskatchewan or is in transit to or from Saskatchewan; or
 - (B) the life, safety, fidelity or insurable interest of a person who at the time of the making of the contract is resident in or has its head office in Saskatchewan; or
- (ii) makes provision for payment primarily to a resident of Saskatchewan or to an incorporated company that has its head office in Saskatchewan”.

New section 403

82 Section 403 is repealed and the following substituted:

“Act to prevail

403 Sections 404 to 415 of this Act, and any regulations made for the purposes of those sections, prevail if there is any conflict between those sections or regulations and any other Act, regulation or law that may apply to the liquidation, dissolution or winding up of a provincial insurer”.

Section 404 amended

83 Clause 404(1)(e) is amended by striking out “or by *The Companies Act*”.

Section 405 repealed

84 Section 405 is repealed.

Section 406 amended

85(1) Subsection 406(1) is amended in the portion following clause (b) by striking out “and may direct that it be wound up forthwith under *The Companies Winding Up Act*”.

(2) Subsection 406(3) is amended by striking out “and thereupon the provisions of *The Companies Winding Up Act*, insofar as they are not inconsistent with this Act, shall apply”.

(3) Subsection 406(4) is amended by striking out “notwithstanding *The Companies Winding Up Act*, but”.

Section 407 amended

86(1) Subsection 407(1) is amended by striking out “subsection 383(1)” and substituting “subsection 406(1)”.

(2) Subsection 407(2) is amended by striking out “other than the deposit unless otherwise directed pursuant to subsection (3)”.

(3) Subsection 407(3) is repealed.

Section 408 amended

87 Subsection 408(1) is amended by striking out “under the provisions of *The Companies Winding Up Act*”.

Section 409 amended

88(1) Subsection 409(1) is amended by striking out “any order granting administration of the deposit and before”.

(2) Subsection 409(2) is amended:

(a) in clause (a) by striking out “other than the deposit” wherever it appears; and

(b) by repealing clause (b).

(3) Subsection 409(3) is repealed.

(4) Subsection 409(5) is amended by striking out “, together with all or such portion, if any, of the deposit as may be agreed upon pursuant to subsection (3),”.

Section 410 repealed

89 Section 410 is repealed.

Section 411 amended

90 Subsection 411(3) is repealed.

Section 413 amended

91(1) Clause 413(1)(b) is amended by striking out “66 or 411 and that have not been paid or provided for in the administration of the deposit” and substituting “411 that have not been paid”.

(2) Subsection 413(2) is amended by striking out “, to the extent that those claims have not been paid or provided for in the administration of the deposit”.

(3) Clause 413(3)(a) is amended by striking out “66 or”.

Section 463 amended

92 Section 463 is amended by striking out “effects” and substituting “enters into”.

Section 464 amended

93 Section 464 is amended by striking out “effects” and substituting “enters into”.

New section 464.1

94 The following section is added after section 464:

“Obtaining insurance from an unlicensed insurer

464.1 A licensed agent may act on behalf of a person, or assist a person, who wishes to enter into or renew a contract of insurance with an unlicensed insurer if:

(a) one of the following circumstances exists:

(i) sufficient insurance cannot be obtained at reasonable rates from an insurer licensed pursuant to this Act;

(ii) sufficient insurance cannot be obtained on the terms stipulated by the person from an insurer licensed pursuant to this Act; and

- (b) before the person enters into a contract of insurance, the licensed agent obtains a copy of a document that:
- (i) is dated and signed by the person;
 - (ii) describes the nature and amount of the insurance required by the person;
 - (iii) states that the person understands that:
 - (A) the unlicensed insurer is not subject to regulation pursuant to this Act;
 - (B) the orderly payment of claims may be more difficult than it would be if the person obtained insurance from an insurer licensed pursuant to this Act;
 - (C) the superintendent has no authority pursuant to this Act with respect to the unlicensed insurer;
 - (D) the person will not have the protection of any compensation plan operated by any compensation association designated in the regulations; and
 - (iv) contains any further information the superintendent may require”.

New section 465

95 Section 465 is repealed and the following substituted:

“Return

465 Within 10 days after the end of each month, a licensed agent acting pursuant to section 464.1 shall submit to the superintendent:

- (a) a document that:
 - (i) is prepared in accordance with the regulations; and
 - (ii) contains any information prescribed in the regulations; and
- (b) the amount of the tax payable in accordance with section 463”.

Section 466 amended

96 Section 466 is amended by striking out “effected” and substituting “entered into”.

Section 467 amended

97 Section 467 is amended:

- (a) **by repealing clause (a);**
- (b) **by adding the following clause after clause (a.1):**
 - “(a.2) prescribing classes of insurance”;
- (c) **by adding the following clauses after clause (c):**
 - “(c.1) for the purposes of subsection 33(1), prescribing the types of loss or damage that an insurer licensed to transact fire insurance may insure against;
 - “(c.2) for the purposes of subsection 37(1.1), prescribing any other thing that must be filed with the superintendent”;

(d) by adding the following clauses after clause (p):

“(p.1) respecting any auditor’s report that a provincial insurer or reciprocal insurance exchange is required to submit to the superintendent, including the content, form and scope of the auditor’s report and the manner in which it is conducted;

“(p.2) respecting any actuary’s report that a provincial insurer or reciprocal insurance exchange may be required to submit to the superintendent, including the content, form and scope of the actuary’s report and the manner in which it is conducted”; **and**

(e) by adding the following clauses after clause (q):

“(r) for the purposes of section 380, prescribing:

- (i) the number of separate risks in Saskatchewan or elsewhere;
- (ii) the minimum amount that the property insured must total;

“(s) for the purposes of section 380.1, prescribing:

- (i) the number of automobiles;
- (ii) the limit over which liabilities must be re-insured;

“(t) for the purposes of section 383, prescribing how the amount of the reserve fund is to be calculated, including prescribing a formula that a reciprocal insurance exchange must use to determine that amount;

“(u) for the purposes of section 384, prescribing how the amount of the guarantee fund is to be calculated, including prescribing a formula that a reciprocal insurance exchange must use to determine that amount;

“(v) for the purposes of section 465, prescribing the manner in which the document must be prepared and the information that must be contained in the document;

“(w) prescribing any matter or thing required or authorized by this Act to be prescribed in the regulations”.

Section 475 amended

98 Subclauses 475(2)(d)(v) and (vi) are repealed and the following substituted:

“(v) *The Queen’s Bench Act, 1998*;

“(vi) *the Winding-up and Restructuring Act (Canada)*”.

Transitional

99 The minister shall return any securities that were deposited pursuant to *The Saskatchewan Insurance Act* as that Act existed on the day before section 20 of this Act comes into force and that were held by the minister on the day that section 20 of this Act comes into force.

Coming into force

100 This Act comes into force on proclamation.