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# NATIONAL ASSEMBLY

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SECOND SESSION

THIRTY-SEVENTH LEGISLATURE

## Bill 208

(Private)

### **An Act respecting the demutualization of Sherbrooke-Vie, société de secours mutuels**

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Assented to 14 December 2006**

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## **Bill 208**

(Private)

### **AN ACT RESPECTING THE DEMUTUALIZATION OF SHERBROOKE-VIE, SOCIÉTÉ DE SECOURS MUTUELS**

AS the Conseil central des syndicats nationaux de l'Estrie (CSN) inc. was constituted under the Professional Syndicates Act (R.S.Q., chapter S-40) in 1925 and established a special indemnity fund under the name Service d'entr'aide familiale (SEAF) in 1944;

AS Service d'entraide et d'assurance familiales, société de secours mutuels (S.E.A.F.) was constituted as a mutual benefit association under the Act respecting insurance (R.S.Q., chapter A-32) on 20 April 1998;

AS all the assets and liabilities of Service d'entr'aide familiale (SEAF) of the Conseil central des syndicats nationaux de l'Estrie (CSN) inc. were transferred to Service d'entraide et d'assurance familiales, société de secours mutuels (S.E.A.F.) on 11 May 1998;

AS, under the Act respecting insurance, the name of Service d'entraide et d'assurance familiales, société de secours mutuels (S.E.A.F.) was changed to "Sherbrooke-Vie, société de secours mutuels" (Sherbrooke-Vie) on 28 October 2002;

AS Sherbrooke-Vie wishes to demutualize into a capital stock insurance company;

AS the board of directors of Sherbrooke-Vie unanimously passed a resolution approving a demutualization proposal and a demutualization by-law on 28 August 2006;

AS the fair and equitable nature of the demutualization proposal has been affirmed by an independent actuary;

AS, at a special general meeting held on 30 October 2006, the members of Sherbrooke-Vie approved by two-thirds of the votes the demutualization proposal and demutualization by-law 2006-1 sent to the Autorité des marchés financiers, and authorized the board of directors and the officers to petition the National Assembly of Québec for the passage of a private bill to authorize the demutualization of Sherbrooke-Vie into a capital stock insurance company;

AS it is expedient that Sherbrooke-Vie demutualize into a capital stock insurance company;

## THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

**CHAPTER I**

## INTERPRETATION

**1.** In this Act,

- (a) “the Act” means the Act respecting insurance (R.S.Q., chapter A-32);
- (b) “the Company” means the capital stock insurance company resulting from the demutualization of Sherbrooke-Vie, société de secours mutuels; and
- (c) “the Association” means Sherbrooke-Vie, société de secours mutuels.

**CHAPTER II**

## DEMUTUALIZATION

**2.** By the drawing-up of a certificate of demutualization, the Association is demutualized on 1 January 2007, under the terms of the demutualization by-law, into a capital stock insurance company governed by the Act and Part IA of the Companies Act (R.S.Q., chapter C-38).

**3.** The Association must send the Autorité des marchés financiers the demutualization proposal and the demutualization by-law within the time specified by the Authority.

**4.** The demutualization by-law must include

- (1) the name of the Company;
- (2) the address of its head office;
- (3) the classes of insurance the Company is authorized to transact;
- (4) a description of its capital stock; and
- (5) the computation method referred to in section 13.

**5.** The provisions of the demutualization by-law and this Act must be incorporated into the Company’s articles of demutualization, which must also include the information and provisions described in sections 123.12 and 123.13 of the Companies Act.

**6.** After making sure that capitalization requirements are met, the Autorité des marchés financiers must send the enterprise registrar two copies of the articles of demutualization, signed by a director of the Association, along with the demutualization by-law and the other documents required under

section 123.14 of the Companies Act. The enterprise registrar must deposit them in the register and draw up a certificate of demutualization dated 1 January 2007.

**7.** Members retain their rights as policyholders but their rights as members are terminated. Under its name, the Company enjoys all the rights and assumes all the obligations of the Association, and suits to which the Association is a party may be continued by or against the Company without continuance of suit.

**8.** The Company may subsequently amend its articles as provided by law.

### **CHAPTER III**

#### **CAPITAL STOCK INSURANCE COMPANY**

##### **DIVISION I**

###### **OBJECT, DIRECTORS AND OFFICERS**

**9.** The Company is authorized to transact insurance of persons and damage insurance.

**10.** The directors and officers of the Association in office before its demutualization become the directors and officers of the Company. The directors remain in office until the next general meeting unless they resign or their office is otherwise vacated before that time.

##### **DIVISION II**

###### **ADMINISTRATION**

**11.** Subject to this Act and the demutualization by-law, the by-laws of the Association become those of the Company and remain applicable until amended, repealed or replaced.

### **CHAPTER IV**

#### **INSURANCE POLICY ENHANCEMENT**

**12.** All insurance or mutual benefit policies issued by the Association and in force on 31 December 2006 become insurance policies fully guaranteed by the Company.

**13.** The face amount of insurance policies in force on 31 December 2006 is enhanced according to the computation method set out in the demutualization by-law.

**14.** The fees payable to the enterprise registrar for the demutualization and the issue of a certificate of demutualization amount to \$1,757.

**15.** This Act comes into force on 14 December 2006.