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# NATIONAL ASSEMBLY OF QUÉBEC

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FIRST SESSION

FORTY-SECOND LEGISLATURE

Bill 211  
(Private)

**An Act respecting SSQ Mutual**

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Passed in principle 2 June 2020  
Passed 2 June 2020  
Assented to 5 June 2020**

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## **Bill 211**

(Private)

### **AN ACT RESPECTING SSQ MUTUAL**

AS Québec Health Services was formed on 24 April 1944 under the Québec Cooperative Syndicates Act (Revised Statutes of Québec, 1941, chapter 290) under the name of “La Coopérative de Santé de Québec”;

AS, on 20 December 1945, the name of the company was changed to that of “Les Services de Santé de Québec” and on 12 December 1949 to that of “Les Services de Santé du Québec” in accordance with the provisions of that Act;

AS, under chapter 155 of the statutes of 1955–1956, Les Services de Santé du Québec was converted into a mutual benefit society under the French name “Les Services de Santé du Québec” and the English name “Quebec Health Services”;

AS, according to the terms of chapter 105 of the statutes of 1964, the powers of Quebec Health Services were broadened;

AS, according to the terms of chapter 70 of the statutes of 1974, Quebec Health Services became a mutual life-insurance company;

AS, according to chapter 100 of the statutes of 1977, Québec Health Services was granted additional powers;

AS, under the Act respecting “Québec Health Services” “Les Services de Santé du Québec” (1991, chapter 102), on 5 December 1991, Québec Health Services was converted into a capital stock insurance company under the name of “SSQ, Life Insurance Company Inc.”, committed to pursuing its activities, and into a mutual management corporation under the name of “SSQ, Mutuelle de gestion”, grouping together the policyholders and the participants to control at all times the capital stock insurance company resulting from the conversion;

AS the Act respecting “Québec Health Services” “Les Services de Santé du Québec” replaced the Act respecting “Quebec Health Services — “Les Services de Santé du Québec” (1955–1956, chapter 155);

AS, under chapter 107 of the statutes of 1993, amendments were made to the corporate organization of the mutual management corporation and the capital stock insurance company;

AS the Act respecting insurance (chapter A-32) was replaced by the Insurers Act (chapter A-32.1) on 13 June 2019 and as the expression “compagnie d’assurance” used in French in the former Act was replaced by the expression “société d’assurance” in the latter Act and the expression “mutual management corporation” used in the former Act was replaced by the expression “mutual legal person” in the latter Act;

AS, under the articles of continuance and a certificate of continuance issued by the Registraire des entreprises du Québec on 31 December 2019, SSQ, Life Insurance Company Inc., authorized insurer constituted under a private Act of Québec, became on that date an insurance business corporation regulated by Title III of the Insurers Act;

AS, under the articles of amalgamation and a certificate of amalgamation issued by the Registraire des entreprises du Québec on 1 January 2020, SSQ, Life Insurance Company Inc. and SSQ, Insurance Company Inc. amalgamated under the Insurers Act and the Business Corporations Act (chapter S-31.1), the corporation resulting from the amalgamation having taken the name of SSQ, Life Insurance Company Inc.;

AS SSQ, Life Insurance Company Inc. and SSQ, Mutuelle de gestion wish SSQ, Life Insurance Company Inc. to consolidate with La Capitale Civil Service Insurer Inc. to ensure that they continue their activities together and that SSQ, Mutuelle de gestion holds an indirect interest in each of them and in any other insurance business corporation through the intermediary of one or more other legal persons, which must include a common holding company;

AS the proposed consolidation requires that the Act respecting “Québec Health Services” “Les Services de Santé du Québec” be replaced by a new Act that will be better suited to the reality of SSQ, Mutuelle de gestion and SSQ, Life Insurance Company Inc. after the consolidation, that is to say, a new Act more in line with the Insurers Act and more suitable for the continuance of SSQ, Life Insurance Company Inc. as a regulated business corporation within the meaning of the Insurers Act;

AS the directors of SSQ, Life Insurance Company Inc. unanimously passed a resolution approving the replacement of the Act respecting “Québec Health Services” “Les Services de Santé du Québec” by this Act;

AS the shareholders of SSQ, Life insurance Company Inc. unanimously ratified the replacement of the Act respecting “Québec Health Services” “Les Services de Santé du Québec” by this Act;

AS the directors of SSQ, Mutuelle de gestion unanimously passed a resolution approving the replacement of the Act respecting “Québec Health Services” “Les Services de Santé du Québec” by this Act;

AS the members of SSQ, Mutuelle de gestion unanimously approved, on 3 March 2020, at a special general meeting called for such purpose, the replacement of the Act respecting “Québec Health Services” “Les Services de Santé du Québec” by this Act;

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

## CHAPTER I

### DEFINITIONS

**1.** In this Act, unless the context indicates otherwise,

(1) “relevant shareholder” means the holding company or any person who directly, or indirectly through the intermediary of one or more legal persons, holds shares of the capital stock of one of the patrimonial insurers, as well as that person’s successors, assignees and right-holders;

(2) “patrimonial insurers” means the SSQ insurance business corporation, the LC insurance business corporation, La Capitale General Insurance Inc., La Capitale Financial Security Insurance Company, L’Unique General Insurance Inc. and Unica Insurance Inc., and “patrimonial insurer” means any of the patrimonial insurers;

(3) “controlled management rights” means rights granted to a relevant shareholder by an agreement to which a patrimonial insurer or the holding company is a party and under which certain actions or certain decisions of the patrimonial insurer or its board of directors are subject to the approval of the relevant shareholder;

(4) “Minister” means the minister responsible for the carrying out of the Insurers Act (chapter A-32.1);

(5) “mutual legal persons” means the SSQ mutual legal person and the LC mutual legal person, collectively;

(6) “LC mutual legal person” means La Capitale Civil Service Mutual, a legal person without capital stock governed by the Act respecting La Capitale Civil Service Mutual;

(7) “SSQ mutual legal person” means SSQ, Mutuelle de gestion, a legal person without capital stock governed by this Act whose corporate name is changed to “SSQ Mutuelle” in French and to “SSQ Mutual” in English under this Act;

(8) “equity percentage” means, with respect to a person who holds equity in a legal person, the percentage that the number of voting rights attached to the voting shares of the capital stock held by the person as a shareholder is of the total number of voting rights attached to issued and outstanding voting shares of the legal person’s capital stock;

(9) “equity percentage of the SSQ mutual legal person” means the equity percentage held indirectly, through one or more legal persons, which must include the holding company, by the SSQ mutual legal person in any patrimonial insurer that is equal to the result obtained by multiplying all the equity percentages, from the mutual legal person to the relevant patrimonial insurer;

(10) “LC insurance business corporation” means La Capitale Civil Service Insurer Inc.;

(11) “SSQ insurance business corporation” means SSQ, Life Insurance Company Inc.; and

(12) “holding company” means 9410-2589 Québec Inc., a business corporation constituted under the Business Corporations Act (chapter S-31.1).

## **CHAPTER II**

### **CONTINUATION OF SSQ, MUTUELLE DE GESTION**

**2.** The SSQ mutual legal person continues the existence of SSQ, Mutuelle de gestion, including, if applicable, its rights and privileges, for the purpose of enabling the continuation of the rights of insurance contract owners and group insurance contract participants as members, their rights being exercised within the SSQ mutual legal person.

## **CHAPTER III**

### **PATRIMONIAL INSURERS**

#### **DIVISION I**

##### **HEAD OFFICES OF PATRIMONIAL INSURERS**

**3.** The head offices of the patrimonial insurers are situated in the judicial district of Québec.

#### **DIVISION II**

##### **ADMINISTRATION OF PATRIMONIAL INSURERS**

**4.** The board of directors of each patrimonial insurer and of the holding company must be composed of a number of directors designated by the SSQ mutual legal person that is equal to or greater than the equity percentage of the SSQ mutual legal person multiplied by the total number of directors of the patrimonial insurer or the holding company rounded up to the nearest whole number.

**5.** A director of a patrimonial insurer or of the holding company designated by the SSQ mutual legal person may be removed only by the latter.

### **DIVISION III**

#### **NAME AND OBJECTS OF THE SSQ INSURANCE BUSINESS CORPORATION**

- 6.** The name of the SSQ insurance business corporation is that given to it in its articles.
- 7.** The objects of the SSQ insurance business corporation are those given to it in its articles.

### **DIVISION IV**

#### **MISCELLANEOUS PROVISIONS**

- 8.** Despite section 198 of the Insurers Act (chapter A-32.1), a relevant shareholder may hold and exercise controlled management rights relating to one of the patrimonial insurers, without the holding or exercise of such rights contravening any other applicable provision of the Insurers Act.
- 9.** Section 540 of the Insurers Act does not apply to the patrimonial insurers.
- 10.** The SSQ insurance business corporation retains the rights and privileges it enjoyed under former Acts, as applicable.

### **CHAPTER IV**

#### **SSQ MUTUAL LEGAL PERSON**

### **DIVISION I**

#### **NAME, HEAD OFFICE, OBJECTS AND POWERS**

- 11.** The name of the SSQ mutual legal person is “SSQ Mutuelle” and its English version, “SSQ Mutual”.
- 12.** The head office of the SSQ mutual legal person is situated in the judicial district of Québec.
- 13.** The SSQ mutual legal person is a legal person without share capital operating in accordance with the form of representative governance provided for in Divisions II and III of this chapter.

Its principal object is to hold indirectly, through the intermediary of one or more legal persons, which must include the holding company, equity in the capital stock of the SSQ insurance business corporation or the LC insurance business corporation.

The SSQ mutual legal person may indirectly hold equity in the capital stock of any other insurance business corporation to the extent that the equity is held directly or indirectly by the holding company or any of the patrimonial insurers.

The SSQ mutual legal person may encourage economic, social or educational activities, including through foundations.

**14.** The SSQ mutual legal person may make the investments it considers appropriate, as a prudent and reasonable person would do in similar circumstances, acting with honesty and loyalty in the best interests of the members.

## **DIVISION II**

### **MEMBERS OF THE SSQ MUTUAL LEGAL PERSON**

**15.** The members of the SSQ mutual legal person are,

(1) with respect to damage insurance or individual insurance of persons, a natural person who is the owner of an insurance or annuity contract underwritten by a patrimonial insurer or by any of its predecessors or, if there is more than one owner, the person designated from among them in accordance with the by-laws of the SSQ mutual legal person; and

(2) with respect to group insurance of persons, the participant in a group insurance contract or group annuity contract of which the insurer or debtor is a patrimonial insurer or any of its predecessors.

A person retains the status of member as long as

(1) the contract referred to in the first paragraph of which the person is an owner or in which the person is a participant is in force; and

(2) the SSQ mutual legal person holds indirectly, through the intermediary of one or more legal persons, equity in the patrimonial insurer who underwrote or whose predecessor underwrote the contract referred to in the first paragraph.

**16.** In no case is a subrogated holder a member.

**17.** A member has the right to only one vote, regardless of the number or amount of the contracts owned or participated in. No member may vote by proxy.

**18.** The SSQ mutual legal person must, within 24 months after the coming into force of this Act or before any other time limit approved by the Minister, adopt the by-law provided for in section 27, which by-law must be submitted for approval at the annual meeting following its adoption.

Despite section 15, in the interval between the coming into force of this Act and the approval of the by-law provided for in the first paragraph, only the members whose insurance contract, group insurance contract, annuity contract or group annuity contract is underwritten by the SSQ insurance business corporation or its predecessors may exercise a voting right under the by-laws of the SSQ mutual legal person in force immediately before the coming into force of this Act.

**19.** Any person who is a member of the SSQ mutual legal person, immediately before the coming into force of this Act, is deemed to be a member of the SSQ mutual legal person as long as the insurance or annuity contract the person owns or participates in is in force and the SSQ mutual legal person holds indirectly, through the intermediary of one or more legal persons, equity in the patrimonial insurer who underwrote the contract or whose predecessor underwrote the contract.

### **DIVISION III**

#### **ADMINISTRATION OF THE SSQ MUTUAL LEGAL PERSON**

**20.** The general meeting of the members elects the directors of the SSQ mutual legal person from among its members in the manner provided for in its by-laws.

**21.** The SSQ mutual legal person may, by by-law, determine the minimum and maximum number of directors. However, in no case may the minimum number of directors be less than seven.

**22.** The majority of the directors of the SSQ mutual legal person must reside in Québec.

**23.** The directors of the SSQ mutual legal person in office immediately before the coming into force of this Act remain in office for the unexpired portion of their term of office, unless they resign or their office otherwise becomes vacant.

**24.** No more than one-third of the board of directors of the SSQ mutual legal person may be composed of remunerated officers and employees of legal persons affiliated with the SSQ mutual legal person within the meaning of the Insurers Act.

**25.** The by-laws of the SSQ mutual legal person in force immediately before the coming into force of this Act continue to have effect.

**26.** The board of directors of the SSQ mutual legal person may adopt, repeal or amend any by-law for the management of its affairs. To remain in force, all such by-laws must be ratified at the next annual general meeting or, in the meantime, at an extraordinary meeting.

**27.** The board of directors of the SSQ mutual legal person may adopt a by-law prescribing the mechanisms and procedures by which certain members are designated as delegates and, in such a case, the delegates and the directors of the SSQ mutual legal person are the only persons who may vote at the annual general meeting or at any extraordinary meeting of the SSQ mutual legal person to the extent permitted by the by-law.

Despite section 26, such by-law may not come into force before being ratified by the meeting of the members.

## **DIVISION IV**

### **MISCELLANEOUS PROVISIONS**

**28.** The expenses inherent in the operation of the SSQ mutual legal person may be assumed by a patrimonial insurer.

**29.** In the absence of a corresponding provision in this chapter and subject to section 31 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 (chapter C-38) apply, with the necessary modifications, to the SSQ mutual legal person, except sections 126, 136.1, 139 to 141, 143 to 165, 171 to 181, paragraph 3 of section 182, subparagraphs *a* and *b* of paragraph 2 of section 185, sections 187 and 190, subparagraphs *j* and *k* of paragraph 3 of section 191, section 192, sections 195 and 196, and subparagraphs *d* and *e* of paragraph 1 and paragraph 2 of section 197.

The Government may render a provision of the Companies Act or the Business Corporations Act (chapter S-31.1) applicable to the SSQ mutual legal person.

**30.** For the purposes of the Companies Act and the Winding-up Act (chapter L-4), “company” means the SSQ mutual legal person and “shareholder” means a member of the SSQ mutual legal person.

Where a provision of those Acts refers to a specified proportion in value of the capital stock of a corporation, the provision is construed as meaning the number of persons present and qualified to vote that corresponds to the specified proportion in value.

However, if a by-law prescribes a delegate system such as that permitted under section 27 of this Act, the provision is construed as meaning the number of directors and delegates present and qualified to vote.

**31.** Sections 9 to 17 of the Act respecting the regulation of the financial sector (chapter E-6.1) and sections 9 to 19, 48, 74, 93, 97, 108, 109 to 112, 115, 117, 130 to 133, 137, 138, 146 to 148, 242, 243, 248 to 254, 269 to 272, 349, 351, 462, the second paragraph of section 464, sections 465 to 468 and Chapter II of Title VI of the Insurers Act (chapter A-32.1) apply, with the necessary modifications, to the SSQ mutual legal person and to any legal person through the intermediary of which the SSQ mutual legal person holds equity in the patrimonial insurers.

For the purpose of applying the Insurers Act to the SSQ mutual legal person or to any legal person through the intermediary of which the SSQ mutual legal person holds equity in the patrimonial insurers, the references to the actuary are deemed not written.

In addition to the provisions referred to in the first paragraph, sections 291 to 295 and 298 to 301 of the Insurers Act apply to the holding company.

## **CHAPTER V**

### **MAINTENANCE OF THE MUTUAL LEGAL PERSONS' EQUITY PERCENTAGE**

**32.** On pain of absolute nullity, the SSQ insurance business corporation, the LC insurance business corporation, the holding company and any other legal person through the intermediary of which the mutual legal persons hold a combined equity percentage in the SSQ insurance business corporation or the LC insurance business corporation may not allot shares of their capital stock or authorize and register a transfer of such shares in either of the following cases:

(1) the members of each of the mutual legal persons have not approved that the combined equity percentage of the mutual legal persons in the LC insurance business corporation or the SSQ insurance business corporation, as the case may be, through the intermediary of the holding company, be less than 26% but equal to or greater than 13%; once the threshold has been reached, such approval must be given each time the combined equity percentage of the mutual legal persons drops below the new authorized minimum threshold, without being less than 13%; or

(2) the members of each of the mutual legal persons and the Minister have not approved that the combined equity percentage of the mutual legal persons in the LC insurance business corporation or the SSQ insurance business corporation, as the case may be, through the intermediary of the holding company, be less than 13%; once the threshold has been reached, such approval must be given each time the combined equity percentage of the mutual legal persons drops below the new authorized minimum threshold.

For the purposes of the first paragraph, the approval required from the members of each of the mutual legal persons is deemed to have been received if the total number of those who voted in favour of the change in the proposed minimum threshold represents at least two-thirds of the members of the SSQ mutual legal person and of the LC mutual legal person present and qualified to vote during meetings.

## **CHAPTER VI**

### **DISSOLUTION, LIQUIDATION AND SALE**

**33.** The Winding-up Act (chapter L-4) applies to the SSQ mutual legal person, with the necessary modifications.

The SSQ mutual legal person must make a by-law establishing the members' rights and interests for the purposes of the distribution of the balance of the assets after its winding-up, once its debts and the costs, charges and expenses of its winding-up have been paid, not later than 24 months as of 1 July 2020 or before any other time limit approved by the Minister.

The by-law of the SSQ mutual legal person establishing the members' rights and interests for the purposes of the distribution of the balance of the assets upon its winding-up, and any amendment to the by-law, must be submitted to the Minister for approval before they are adopted.

On the date the entry provided for in the second paragraph of section 17 of the Winding-up Act is made in the enterprise register, the provisions of this Act become without effect, except section 9, which continues to apply to the SSQ insurance business corporation.

**34.** If the SSQ mutual legal person disposes of the equity it holds indirectly in the SSQ insurance business corporation and of the equity it holds in the LC insurance business corporation, it must dissolve itself and wind itself up.

**35.** The voluntary dissolution of the SSQ insurance business corporation and of the LC insurance coporation, their liquidation or the sale of all or substantially all of their property or their enterprise outside of the ordinary course of their operations entails the dissolution and winding-up of SSQ mutual legal person.

## **CHAPTER VII**

### **FINAL PROVISIONS**

**36.** This Act replaces the Act respecting “Québec Health Services” “Les Services de Santé du Québec” (1991, chapter 102).

**37.** This Act comes into force on 1 July 2020.