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# NATIONAL ASSEMBLY OF QUÉBEC

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FIRST SESSION

FORTY-SECOND LEGISLATURE

Bill 212  
(Private)

**An Act respecting La Capitale Civil  
Service Mutual**

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

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## **Bill 212**

(Private)

### **AN ACT RESPECTING LA CAPITALE CIVIL SERVICE MUTUAL**

AS Mutuelle des Fonctionnaires du Québec was incorporated as a mutual life assurance company by the Act to incorporate La Mutuelle des Employés Civils, a mutual life assurance company (1956-57, chapter 166);

AS, under the Insurance Act (Revised Statutes of Québec, 1964, chapter 295), its corporate name was changed on 6 April 1965 to “La Mutuelle-Vie des Fonctionnaires du Québec”;

AS, under the Special Corporate Powers Act (chapter P-16), its corporate name was changed on 24 January 1983 to “Mutuelle des Fonctionnaires du Québec”;

AS, under the Act respecting Mutuelle des Fonctionnaires du Québec (1991, chapter 103), on 1 January 1992, Mutuelle des Fonctionnaires du Québec was converted into a capital stock insurance company under the name of “Québec Civil Servants’ Insurance Corporation”, committed to pursuing its activities, and into a mutual management corporation under the name of “Québec Civil Servants’ Mutual Management Corporation”, grouping together the policyholders to control at all times the capital stock insurance company resulting from the conversion;

AS the Act respecting Mutuelle des Fonctionnaires du Québec replaced the Act to incorporate La Mutuelle des Employés Civils, a mutual life assurance company;

AS, under the Special Corporate Powers Act, on 1 January 1992, the name of the mutual management corporation was changed to “Mutuelle des Fonctionnaires du Québec, corporation de gestion” and the name of the capital stock insurance company was changed to “MFQ-Vie, corporation d’assurance”;

AS, under the Act respecting the special powers of legal persons, on 11 September 2000, the name of the capital stock insurance company was changed to “La Capitale MFQ Insurance Inc.”;

AS, under the Act respecting the special powers of legal persons, on 1 October 2004, the name of the mutual management company was changed to “La Capitale Civil Service Mutual” and the name of the capital stock insurance company was changed to “La Capitale Civil Service Insurer Inc.”;

AS, under the articles of amalgamation and a certificate of amalgamation issued by the Registraire des entreprises du Québec in force on 1 January 2018, La Capitale Civil Service Insurer Inc. and La Capitale Insurance and Financial Services Inc. amalgamated under the Act respecting insurance (chapter A-32) and the Business Corporations Act (chapter S-31.1), and the corporation resulting from the amalgamation took the name of La Capitale Civil Service Insurer Inc.;

AS the Act respecting insurance 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 La Capitale Civil Service Insurer Inc. became, on 13 June 2019, a business corporation regulated by Title III of the Insurers Act;

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

AS the proposed consolidation requires that the Act respecting Mutuelle des Fonctionnaires du Québec be replaced by a new Act that will be better suited to the reality of La Capitale Civil Service Mutual and La Capitale Civil Service Insurer 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 La Capitale Civil Service Insurer Inc. as a regulated business corporation within the meaning of the Insurers Act;

AS the directors of La Capitale Civil Service Insurer Inc. unanimously passed a resolution approving the replacement of the Act respecting Mutuelle des Fonctionnaires du Québec by this Act;

AS the shareholders of La Capitale Civil Service Insurer Inc. unanimously ratified the replacement of the Act respecting Mutuelle des Fonctionnaires du Québec by this Act;

AS the directors of La Capitale Civil Service Mutual unanimously passed a resolution approving the replacement of the Act respecting Mutuelle des Fonctionnaires du Québec by this Act;

AS the members of La Capitale Civil Service Mutual unanimously approved, on 3 March 2020, at a special general meeting called for such purpose, the replacement of the Act respecting Mutuelle des Fonctionnaires du Québec by this Act;

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

**CHAPTER I**

**DEFINITIONS**

**I.** 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 LC insurance business corporation, the SSQ 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 LC mutual legal person and the SSQ mutual legal person, collectively;

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

(7) “SSQ mutual legal person” means SSQ Mutual, a legal person without capital stock governed by the Act respecting SSQ Mutual;

(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 LC mutual legal person” means the equity percentage held indirectly, through one or more legal persons, which must include the holding company, by the LC 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 THE LC MUTUAL LEGAL PERSON**

**2.** The LC mutual legal person continues to exist and retains its rights and privileges for the purpose of enabling the continuation of the rights of insurance contract owners as members, their rights being exercised within the LC 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 LC mutual legal person that is equal to or greater than the equity percentage of the LC 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 LC mutual legal person may be removed only by the latter.

#### **DIVISION III**

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

**6.** The name of the LC insurance business corporation is that given to it in its articles.

**7.** The objects of the LC 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 LC insurance business corporation retains the rights and privileges it enjoyed under former Acts.

## **CHAPTER IV**

### **LC MUTUAL LEGAL PERSON**

#### **DIVISION I**

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

**11.** The name of the LC mutual legal person is “La Capitale mutuelle de l’administration publique” and its English version, “La Capitale Civil Service Mutual”.

**12.** The head office of the LC mutual legal person is situated in the judicial district of Québec.

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

**14.** The LC 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 LC MUTUAL LEGAL PERSON**

**15.** The members of the LC 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 the owners in accordance with the by-laws of the LC 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 LC 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 LC 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 having the right to vote under the by-laws of the LC mutual legal person that are in force immediately before the coming into force of this Act may exercise a voting right.



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

### **DIVISION III**

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

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

**21.** The LC 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 LC mutual legal person must reside in Québec.

**23.** The directors of the LC 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 LC mutual legal person may be composed of remunerated officers and employees of legal persons affiliated with the LC mutual legal person within the meaning of the Insurers Act.

**25.** The by-laws of the LC 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 LC 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 LC 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 LC mutual legal person are the only persons who may vote at the annual general meeting or at any extraordinary meeting of the LC 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 LC 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 LC 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 LC mutual legal person.

**30.** For the purposes of the Companies Act and the Winding-up Act (chapter L-4), “company” means the LC mutual legal person and “shareholder” means a member of the LC 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 LC mutual legal person and to any legal person through the intermediary of which the LC mutual legal person holds equity in the patrimonial insurers.

For the purpose of applying the Insurers Act to the LC mutual legal person or to any legal person through the intermediary of which the LC 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 LC insurance business corporation, the SSQ 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 LC insurance business corporation or the SSQ 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 LC mutual legal person and of the SSQ 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 LC mutual legal person, with the necessary modifications.

The LC 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 LC 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 LC insurance business corporation.

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

**35.** The voluntary dissolution of the LC insurance business corporation and the SSQ insurance business corporation, 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 the LC mutual legal person.

## **CHAPTER VII**

### **FINAL PROVISIONS**

**36.** This Act replaces the Act respecting Mutuelle des Fonctionnaires du Québec (1991, chapter 103).

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