

MUTUAL INSURANCE AMENDMENT BILL

EXPLANATORY NOTE

THIS Bill amends the Mutual Insurance Act 1955.

Clause 1 relates to the Short Title to the Bill.

Clause 2 amends section 2 of the principal Act by repealing the definition of the term "Minister", and substituting a definition providing that the term "Minister" means the Minister of Justice. Under the present definition the Minister contemplated is the Minister in Charge of the Public Trust Office.

Clause 3 amends section 11B of the principal Act, which relates to the power of an association to hold shares in a company. As the Act stands it is essential that the only members of the company are associations or trustees of associations. The amendment permits one other person to be a member of the company.

Clause 4: Section 30 (1) of the principal Act provides that the maximum number of members on the Board of Directors of an association shall be 12. The clause increases this maximum to 14.

Clause 5 authorises an association to make rules providing for regional representation on its Board of Directors and for the amendment and revocation of such rules. No such rules, and no amendment or revocation of any such rules, shall have effect, until approved by the Governor-General by Order in Council.

Clause 6 makes provision for the merger of associations if at a general meeting of each association, whether held before or after the commencement of the clause, three-quarters of the association's members present and voting pass a resolution authorising the merger.

Clause 7: The principal Act is in future to be administered in the Department of Justice instead of in the Public Trust Office. The clause substitutes references to the Secretary for Justice for references to the Public Trustee in sections 39 to 42 of the principal Act.

Hon. Mr Thomson

MUTUAL INSURANCE AMENDMENT

ANALYSIS

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A BILL INTITULED

An Act to amend the Mutual Insurance Act 1955

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the
5 same, as follows:

1. **Short Title**—This Act may be cited as the Mutual Insurance Amendment Act 1977, and shall be read together with and deemed part of the Mutual Insurance Act 1955* (hereinafter referred to as the principal Act).

10 2. **Interpretation**—Section 2 of the principal Act is hereby amended by repealing the definition of the term “Minister”, and substituting the following definition:

“ ‘Minister’ means the Minister of Justice.”.

*1957 Reprint, Vol. 10, p. 615

Amendments: 1963, No. 103; 1964, No. 14; 1968, No. 96; 1971, No. 113

3. Power of association to hold shares in companies—Section 11B of the principal Act (as inserted by section 3 (1) of the Mutual Insurance Amendment Act 1968, and amended by section 2 of the Mutual Insurance Amendment Act 1971) is hereby further amended by repealing subparagraph (i) of paragraph (b) of subsection (1), and substituting the following subparagraph:

“(i) All members of that company, or all members thereof excepting 1, are associations or trustees of associations; and”.

4. Board of Directors—Section 30 of the principal Act is hereby amended by omitting from subsection (1) the expression “six nor more than twelve”, and substituting the expression “6 nor more than 14”.

5. Regional representation on Board of Directors—The principal Act is hereby amended by inserting, after section 30, the following section:

“30A. (1) Notwithstanding anything to the contrary in this Act except subsections (1), (3), (4), (5), (6), (9), (10), and (13) of section 30, an association may from time to time, by ordinary resolution, whether passed before or after the commencement of this section, adopt rules providing for the division of New Zealand into specified regions, and for the election and removal in every specified region of a director or specified number of directors of the Board of Directors of the association.

“(2) An association may in like manner amend or revoke any rules adopted under subsection (1) of this section.

“(3) No rules adopted under this section, and no amendment or revocation of any such rules, shall take effect until approved by the Governor-General by Order in Council.

“(4) All rules that are for the time being in force shall be binding on all persons who are for the time being members of the association by which they were adopted.”

6. Merger of associations—The principal Act is hereby amended by inserting, after section 31, the following section:

“31A. (1) Notwithstanding section 43 of this Act, the Board of Directors of any association shall have power to merge their association with another association, and to implement the merger by—

- “(a) Causing their association to—
- “(i) Transfer all the business, assets, property, premium notes, and policies of their association to the other association; or
- 5 “(ii) Accept the transfer of all the business, assets, property, premium notes, and policies of the other association; and
- “(b) Executing and performing such acts, deeds, documents, and things as may be necessary or convenient to make or accept the said transfer and to put the merger into full force and effect,—
- 10 if at a general meeting of the association, whether held before or after the commencement of this section, three-quarters of the association’s members present and voting pass a resolution authorising the merger.
- 15 “(2) In the event of any such merger and transfer—
- “(a) The business, assets, property, premium notes, and policies transferred from one association to another association shall pass to the transferee thereof subject to all charges, encumbrances, estates, and interests affecting the same; and
- 20 “(b) All liabilities of the transferor in respect of the business, assets, property, premium notes, and policies transferred under this section shall be deemed to be liabilities of the transferee thereof; and
- 25 “(c) All premium notes transferred from one association to another association shall have effect, from the time of their transfer, as if they had been made out in favour of the association to which they are transferred; and
- 30 “(d) All members of the association whose business is transferred to another association shall, upon the transfer, become members of the association to
- 35 which the business is transferred.”

7. **Act to be administered in Department of Justice**—The principal Act is hereby amended by omitting the words “Public Trustee” in each place where they appear in sections

40 39 to 42, and substituting in each case the words “Secretary for Justice”.