

MUNICIPAL INSURANCE BILL

EXPLANATORY NOTE

THIS Bill authorises the formation of a company to be called the New Zealand Municipalities Cooperative Insurance Company Limited, for the purpose of undertaking the insurance of City Councils, Borough Councils, and Town Councils.

Clause 3 authorises the registration of a company under that name, subject to the consent of the Minister of Finance and to such conditions as he thinks fit.

Clause 4 provides that the company may not alter its memorandum or articles of association except with the consent in writing of the Minister of Finance.

Clause 5 provides that City Councils, Borough Councils, and Town Councils may become members of the company by subscribing to its memorandum and articles of association, or by taking up shares in accordance with the memorandum and articles, or by acquiring shares from another member.

Clause 6 authorises Councils to borrow, without a poll of ratepayers, for the purpose of paying for shares in the capital of the company.

Clause 7 provides that a Council may apply money in its fire insurance or accident fund for the purpose of acquiring shares in the company or of paying insurance premiums.

Hon. Mr Anderton

MUNICIPAL INSURANCE

ANALYSIS

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A BILL INTITULED

An Act to confer certain powers on City Councils, Borough Councils, and Town Councils in relation to insurance

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

1. **Short Title**—This Act may be cited as the Municipal Insurance Act 1960.

2. **Interpretation**—In this Act, unless the context otherwise
10 requires,—

“The company” means the New Zealand Municipalities
Cooperative Insurance Company Limited:

“Council” means a City Council, Borough Council, or
Town Council.

15 3. **Authority to register company**—(1) Notwithstanding
anything to the contrary in the Companies Act 1955 or in
any other enactment, a company may, with the prior consent
in writing of the Minister of Finance, be registered under
the provisions of that Act having the name “The New
20 Zealand Municipalities Cooperative Insurance Company
Limited”.

(2) The consent of the Minister to the registration of the company may be given upon or subject to such conditions as he thinks fit, including, if he so requires, a condition that the company shall not be entitled to exercise any specified powers conferred on it by its memorandum of association or by its articles of association except with the prior consent of the Governor-General in Council. 5

4. Restriction on altering memorandum or articles—The company may not alter its memorandum of association or its articles of association except with the prior consent in writing of the Minister of Finance. 10

5. Membership of company—Subject to the provisions of the memorandum and articles of association of the company, any Council may on behalf of the Corporation of its district become a member of the company by executing the memorandum and articles of association of the company, or by applying for and taking shares in the capital of the company, or, with the consent of the directors of the company, by acquiring shares from a member of the company. 15

6. Raising money to pay for shares—Any Council may pay for shares in the capital of the company, and may for that purpose borrow money by way of special loan under the Local Authorities Loans Act 1956, by special order, and, notwithstanding anything in section 34 of that Act, without the prior consent of the ratepayers. 20 25

7. Insurance and accident funds may be applied in payment of shares and premiums—Any Council may from time to time apply any money in any fire insurance fund or accident fund established by it under section 128 or section 129 of the Municipal Corporations Act 1954 or the corresponding provisions of any former Act, or any insurance fund of that or any similar kind established under any special Act, in payment for shares in the capital of the company or in payment of insurance premiums to the company. 30