



CHAPTER cxxxii.

An Act to provide for the substitution of a memo- A.D. 1920.
randum and articles of association for the provisions
of the contracts of copartnership Royal Charter and
private Acts now constituting and governing the
North British and Mercantile Insurance Company
and for the registration of the Company under the
Companies Acts 1908 to 1917 as a company limited
by shares and for other purposes.

[9th August 1920.]

WHEREAS the North British and Mercantile Insurance
Company (hereinafter called "the Company") is a com-
pany originally constituted and governed by a contract of
copartnership dated the second day of November one thousand
eight hundred and nine and the nineteenth day of August one
thousand eight hundred and eighteen and intervening dates
incorporated by Royal Charter dated the sixth day of February
one thousand eight hundred and twenty-four (hereinafter called
"the Royal Charter") and also constituted and governed by a
supplementary contract of copartnership dated the fourth day of
May one thousand eight hundred and twenty-four (which two
contracts are hereinafter called collectively "the contracts of
copartnership") and by the following Acts (namely):—

The North British Insurance Company's Act 1860 (herein-
after called "the Act of 1860");

The North British and Mercantile Insurance Company's Act
1862 (hereinafter called "the Act of 1862");

The North British and Mercantile Insurance Company's Act
1870 (hereinafter called "the Act of 1870");

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The North British and Mercantile Insurance Company's Act 1882 (hereinafter called "the Act of 1882");

The North British and Mercantile Insurance Company's (Scottish Provincial Transfer) Act 1889 (hereinafter called "the Act of 1889");

The North British and Mercantile Insurance Company's Act 1892 (hereinafter called "the Act of 1892");

The North British and Mercantile Insurance Company's Order Confirmation Act 1901 (hereinafter called "the Act of 1901");

The North British and Mercantile Insurance Company's Act 1908 (hereinafter called "the Act of 1908");

And whereas it is expedient and would be of advantage to the Company in carrying on its business that the Company should be registered under the Companies Acts 1908 to 1917 as a company limited by shares that the objects and regulations of the Company should be expressed in a memorandum and articles of association and that the memorandum and articles of association set forth in the First Schedule to this Act should be substituted for the provisions of the contracts of copartnery the Royal Charter and the Acts of 1860 1862 1870 1882 1889 1892 1901 and 1908 and that the contracts of copartnery the Royal Charter and the said Acts should be cancelled superseded and repealed save so far as the provisions thereof are consolidated re-enacted or extended by this Act:

And whereas the Company has extensive dealings with persons in England and elsewhere as well as in Scotland and it is expedient to give the Company an English as well as its existing Scottish domicile and to make special provisions as to service on the Company of writs notices and other documents:

And whereas it is desirable to re-enact with modifications the provisions of the Act of 1862 as to a duplicate seal:

And whereas it is desirable to re-enact the provisions of section 12 of the Act of 1892 as to reviving or continuing policies in danger of becoming void through non-payment of premiums and creating charges on such policies for the unpaid premiums thereon and to extend such provisions to any policies

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in respect of which the Company is or may hereafter be responsible: A.D. 1920.

And whereas it is expedient to enlarge the objects and powers of the Company:

And whereas the capital of the Company is six million pounds sterling divided into three million pounds preference stock of which one million seven hundred and fifty thousand pounds stock has been issued and is fully paid up and one hundred and twenty thousand shares of twenty-five pounds each of which one hundred and ten thousand shares have been issued and the sum of six pounds five shillings has been paid up on each of such issued shares no part of the remaining capital of the Company having been issued:

And whereas by the Act of 1889 the Scottish Provincial Assurance Company (hereinafter called "the Scottish Provincial Company") were authorised to transfer the whole of their business and undertaking to the Company and to enter into and carry into effect an agreement or agreements for that purpose and it is expedient that the provisions of the Act of 1889 whereby trustees who were shareholders in the Scottish Provincial Company were authorised to hold shares in the Company issued and allotted to them by the Company by way of consideration for the aforesaid transfer in pursuance of the power for that purpose contained in section 3 of the Act of 1889 in substitution for their shares in the Scottish Provincial Company should continue in force notwithstanding the repeal of the Act of 1889:

And whereas by the Act of 1908 a memorandum of terms (hereinafter called "the memorandum of terms") mutually proposed by the Company and the Ocean Marine Insurance Company Limited (hereinafter called "the Ocean Marine") for a combination of interests between the Company and the Ocean Marine a copy of which was set forth in the schedule to the Act of 1908 was made binding on the two companies and others and it was provided that it should be carried into effect And by section 10 of the Act of 1908 there was created three million pounds four per cent. preference stock of the Company (hereinafter referred to as "the four per cent. preference stock") ranking *pari passu* without regard to the date or dates of issue thereof and conferring on the holders thereof such rights to dividend and in a winding-up as were therein mentioned And it

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A.D. 1920. was provided by subsection (2) of the said section 10 that an amount of the four per cent. preference stock therein specified should be issued as fully paid-up to the shareholders of the Ocean Marine in lieu of their shares in the Ocean Marine in accordance with the memorandum of terms And it was provided by subsection (9) of the said section 10 that trustees executors administrators and all other holders in any representative or fiduciary capacity of any of the shares in the Ocean Marine were expressly authorised to accept and hold the four per cent. preference stock issued in substitution therefor And it was provided by subsection (10) of the said section 10 that the four per cent. preference stock issued in substitution for shares in the Ocean Marine should be subject and liable to the same trusts powers provisions declarations agreements charges liens and encumbrances as immediately before the commencement of the Act of 1908 affected the shares for which the same was substituted :

And whereas the memorandum of terms was duly carried out in accordance with the provisions thereof and of the Act of 1908 and the specified amount of four per cent. preference stock was duly issued to the shareholders of the Ocean Marine in lieu of their shares in the Ocean Marine in accordance with notice given under clause 15 of the memorandum of terms and it is expedient to make such provisions as regards the four per cent. preference stock as are contained in this Act and to re-enact the provisions of subsections (9) and (10) of section 10 of the Act of 1908 :

And whereas the purposes of this Act cannot be effected without the authority of Parliament :

May it therefore please Your Majesty that it may be enacted and be it enacted by the King's most Excellent Majesty by and with the advice and consent of the Lords Spiritual and Temporal and Commons in this present Parliament assembled and by the authority of the same as follows :—

Short title.

1. This Act may be cited as the North British and Mercantile Insurance Company's Act 1920.

Interpre-
tation.

2. In this Act—

The expression "the Company" means the North British and Mercantile Insurance Company and after the registration of the Company means the North British and Mercantile Insurance Company Limited ;

The expressions "general court" "Edinburgh board" and "London board" have the meanings respectively assigned to them by Article 2 of the articles of association set forth in the First Schedule to this Act; A.D. 1920.

The expression "the registration of the Company" means the registration of the Company under the Companies Acts 1908 to 1917 or under any substituted enactment.

3. On and from the date of the registration of the Company as a company limited by shares the memorandum and articles of association set forth in the First Schedule to this Act shall subject to the provisions of the Companies Acts 1908 to 1917 or any substituted enactment (including the power as regards alterations contained in such Acts) become and be the memorandum and articles of association of the Company and shall be treated as having been registered accordingly and all the provisions of the contracts of copartnership the Royal Charter and the Acts of 1860 1862 1870 1882 1889 1892 1901 and 1908 all byelaws of the Company made under the powers of the said Acts and the special resolution of the Company passed on the tenth May one thousand eight hundred and ninety-five and confirmed on the sixth June one thousand eight hundred and ninety-five under section 6 of the Act of 1889 as from the date of such registration are by this Act cancelled and repealed save so far as this Act otherwise expressly provides but without prejudice to anything done or suffered thereunder. Memorandum and articles of association to be substituted for contracts of copartnership Royal Charter and Acts.

4. The common seal of the Company shall be in duplicate and one duplicate seal shall be in the custody of the Edinburgh board and the other in the custody of the London board and all instruments bearing the seal and signed by one of the directors and by one of the managers or secretaries of either the Edinburgh board or the London board shall be absolutely binding on the Company. Duplicate common seal.

5. Any trustees (including all persons acting in any representative or fiduciary capacity) who were shareholders in the Scottish Provincial Company are hereby expressly authorised to continue to hold shares in the Company in substitution for their shares in the Scottish Provincial Company and are hereby indemnified for all acts bona fide done by them for the purpose of giving effect to the provisions of the Act of 1889 or this Act. Re-enactment of provision of Act of 1889.

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Re-enact-
ment of
certain pro-
visions of
Act of 1908.

6.—(1) The memorandum of terms set forth in the schedule to the Act of 1908 and (so far as still subsisting) in the Second Schedule to this Act shall so far as still subsisting and save in so far as modified by this Act continue to be binding on the Company and the Ocean Marine and on the holders of policies of insurance and other contracts granted or entered into by the Ocean Marine on all creditors and shareholders of the Ocean Marine on all members of the Company and on all other persons interested and shall save as modified by this Act continue in full force and effect.

(2) Notwithstanding the provisions of the memorandum of terms the four per cent. preference stock of the Company shall have such preferential rights as to dividends and capital and other rights privileges and conditions attached thereto as are mentioned in the articles of association set forth in the First Schedule to this Act in lieu of and in substitution for the rights privileges and conditions contained in the Act of 1908 and the memorandum of terms.

(3) Trustees executors administrators and all other former holders in any representative or fiduciary capacity of any of the shares in the Ocean Marine are hereby expressly authorised to continue to hold the four per cent. preference stock issued in substitution therefor under the powers of the Act of 1908 with such rights privileges and conditions attached thereto as are mentioned in the said articles of association and are hereby indemnified for all acts in good faith done by them in pursuance of the Act of 1908 or this Act.

(4) The four per cent. preference stock issued in substitution for shares in the Ocean Marine under the provisions of the Act of 1908 with such rights privileges and conditions attached thereto as are mentioned in the said articles of association shall continue to be subject and liable to the same trusts powers provisions declarations agreements charges liens and incumbrances as immediately before the commencement of the Act of 1908 affected the shares for which the same was substituted and every deed or other instrument or any will or other disposition of or affecting shares in the Ocean Marine shall continue to take effect with reference to the whole or a proportionate part as the case may be of the four per cent. preference stock substituted therefor under the provisions of the Act of 1908.

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with such rights privileges and conditions attached thereto as aforesaid. A.D. 1920.

7.—(1) After the registration of the Company it shall be considered to be domiciled and resident in England as well as in Scotland. Double domicile.

(2) Any summons notice order or other document required to be served on the Company may be served by leaving the same or sending it through the post in a pre-paid letter addressed to the Company at its office in Edinburgh or at its office in London and confirmation issued by any competent court in Scotland in favour of the executors of a deceased person and probate or letters of administration granted by any competent court in England or Ireland in favour of the executors or administrators of a deceased person shall be to the Company for all purposes a good and sufficient title in favour of such executors or of such executors or administrators as the case may be. Service of writs.

(3) All assignments and other documents whether inter vivos or mortis causâ relating to policies of the Company shall wherever executed be deemed to be validly and sufficiently authenticated if executed according to the mode usual either in Scotland or in England or according to the mode usual in the country in which they are executed. Execution of assignments &c. relating to policies.

8.—(1) If any life policy granted by the Company before or after the passing of this Act or any life policy in respect of which the Company is or may hereafter be responsible shall at any time become void or shall in the opinion of the Edinburgh board or of the London board be in danger of becoming void through non-payment of a premium the Edinburgh board or the London board may if they see fit on the application of any person interested in such policy and subject as hereinafter provided declare that the policy instead of being or becoming void is revived or continued in force either for the whole amount or only for a reduced amount and either for the whole period thereof or for a limited period and that any unpaid premium or premiums together with compound interest thereon at a rate not exceeding eight pounds per centum per annum are created a charge on the policy and may be deducted by the Company from the sum payable by them on the policy falling due and that any bonus or bonuses on the policy have been or may be Policies in danger of becoming void.

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A.D. 1920. applied by the Company in or towards payment of premiums which have become or may become due and the Edinburgh board or the London board may make any one or more of such declarations as they may see fit and such declaration or declarations when endorsed on the policy shall be binding on all persons having or claiming any interest therein.

(2) Where by the terms of the policy or in virtue of an intimation received by the Company any person (other than the applicant) has an interest in the policy it shall be the duty of the Edinburgh board or of the London board on receiving any application under this section (unless such other person concurs in the application) to give notice thereof as soon as may be reasonably practicable to such other person by sending a registered letter to him at his last known address and no such declaration as aforesaid shall be made until the expiration of fourteen days after the posting of such registered letter Any such declaration as aforesaid shall be binding on all persons having or claiming any interest in the policy if made after the expiration of the period aforesaid and endorsed on the policy as aforesaid unless in the meantime any such other person as aforesaid has satisfied the Company that such declaration ought not to be made or has obtained an order of the court restraining the Company from making the same.

Existing
register of
shareholders
to continue.

9. The existing register of shareholders shall continue to be kept by the Company and shall be taken and considered to be the register of members required by section 25 of the Companies (Consolidation) Act 1908 Provided that such additions or alterations shall be made to or in the said register of shareholders as shall be necessary to comply with the said section.

Copy of Act
to be regis-
tered.

10. The Company shall deliver to the Registrar of Joint Stock Companies a printed copy of this Act and he shall retain and register the same and if such copy is not so delivered within three months from the passing of this Act the Company shall incur a penalty not exceeding two pounds for every day after the expiration of those three months during which the default continues and any director or manager of the Company who knowingly and wilfully authorises such default shall incur the like penalty Every penalty under this section shall be recoverable summarily There shall be paid to the said Registrar by the Company on such copy being registered the like fee

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as is for the time being payable under the Companies (Consolidation) Act 1908 on registration of any document other than a memorandum of association or the abstract required to be filed with the registrar by a receiver or manager or the statement required to be sent to the registrar by the liquidator in a winding-up in England. A.D. 1920.

11. Nothing in this Act shall be deemed to exempt the Company from the provisions of the Assurance Companies Act 1909 or from the provisions of any general Act passed during the present or any future session of Parliament affecting insurance companies formed previously to the passing thereof. General Acts
to apply.

12. All costs charges and expenses of and incidental to the procuring and obtaining this Act or otherwise in relation thereto shall be paid by the Company. Costs of Act.

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The SCHEDULES referred to in the foregoing Act.

FIRST SCHEDULE.

MEMORANDUM OF ASSOCIATION OF THE NORTH BRITISH AND
MERCANTILE INSURANCE COMPANY LIMITED.

1. The name of the Company is the "North British and Mercantile Insurance Company Limited."

2. The registered office of the Company will be situate in Scotland.

3. The objects of the Company are—

(1) To carry on the business of insurance of all kinds in all parts of the world including insurance against fire lightning explosion earthquake storm tempest tornado loss or damage to property during transit by sea or by land or by air loss of profits employer's liability workmen's compensation accidents third party risks risks of aviation loss of licences disease sickness burglary robbery theft risks of all kinds arising from acts of war or from riot or civil commotion marine insurance insurance of live stock motor cars engines boilers plate glass hail fidelity and guarantee insurance accident or casualty insurance life insurance insurance against a person's marriage or attainment of a given age against the birth or failure or the survival of issue or the occurrence of any contingency or event which would or might affect the interest of any person in any property against the loss or the recovery of contractual or testamentary capacity against defects of title depreciation of value default in respect of mortgages debentures or other securities bad debts and generally every kind of insurance against any loss damage injury liability misfortune contingency or event or the consequences of the same or of any steps or remedies or precautions adopted in connexion with the same whether such consequences be direct or indirect and every description of insurance or re-insurance indemnity or guarantee business whether similar or not to any of the foregoing or whether now known or hereafter devised:

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- (2) To grant sell purchase or otherwise acquire annuities of all kinds whether dependent on human life or otherwise and whether perpetual or terminable immediate or deferred absolute or contingent or otherwise : A.D. 1920.
- (3) To contract with leaseholders borrowers lenders annuitants and others for the establishment accumulation provision and payment of sinking funds redemption funds depreciation funds renewal funds endowment funds and any other special funds or for the payment of any sum of money on the expiration of a lease or on the total or partial cessation of any other interest in property or any annuity or other periodical payment or on the expiration of any fixed or ascertainable period and that either in consideration of a lump sum or of an annual premium or otherwise and generally on such terms and conditions as may be arranged and to issue policies securing the payment of any such funds or sums of money :
- (4) To purchase and deal in and lend on reversionary or expectant interests absolute or contingent and estates for life whether determinable or not and property of all kinds and to acquire lend money on extinguish by purchase or surrender any policy security or grant or contract issued by or binding on the Company or on any fund under the administration of the Company :
- (5) To lend and advance money upon or without any security including the lending of money upon policies issued by the Company or in respect of which it may be liable :
- (6) To pay satisfy or compromise any claims made against the Company in respect of any policies or contracts granted by dealt in or entered into by the Company which claims the Company may deem it expedient to pay satisfy or compromise notwithstanding that the same may not be valid in law and to revive any policy that may have become void or lapsed on such terms and conditions and in such cases as may be deemed expedient or in lieu of reviving any such policy to grant any new policy or make any other concession in favour of the persons or any of the persons entitled to the lapsed or void policy :
- (7) To undertake and execute the office of trustee or executor of wills or settlements trustee of deeds securing debentures debenture stocks or other issues of joint stock or other companies agent factor curator receiver liquidator guardian committee or any other office of trust or responsibility (without remuneration if so desired) and to undertake trusts of all kinds and the conduct of any business

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connected with trusts of any description or the estates of deceased persons and to receive money on deposit at interest or deeds securities or other documents or money or any personal chattels for safe custody with or without undertaking liability for any loss thereof or injury thereto and to undertake all kinds of agency business :

(8) To give to any class or section of those who insure or have dealings with the Company any rights over or in relation to any fund or funds or a right to participate in the profits of the Company or in the profits of any particular branch or part of its business either equally with other classes or sections or otherwise and to grant any special privileges advantages or benefits and to appropriate and set apart any such fund for specific purposes whether by way of trust or otherwise :

(9) To promote form or establish any company or companies for the purpose of carrying on as principal or as agent for the Company any description of business which the Company is authorised to carry on or which may seem directly or indirectly conducive to the Company's interests to purchase acquire or take over or contract for carrying on or administering the whole or any part or branch of the business or property of any company individual or association of individuals carrying on such business or to enter into partnership or into any arrangement for sharing profits union of interests joint adventure reciprocal concession or co-operation with any such company or individual or association of individuals and for any of these purposes to issue or subscribe for purchase acquire or take over the shares stock debentures or other securities of any such company and to sell hold reissue with or without guarantee or otherwise deal with such securities and to pay for such securities or for the business or property of any such company individual or association in cash or in shares fully or partly paid up or in debentures or preference stock or to guarantee the dividends or interest of such securities if held by others or to amalgamate with any such company or to subsidise or otherwise assist or take over any of the liabilities or guarantee the due performance of the obligations of any such company individual or association and to transfer to any such company (subject in the case of life assurance to the Assurance Companies Act 1909) any part or branch of its business Provided always that the liability of the holders of shares in any such company must be limited :

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- (10) To re-assure with any company association or individual any risks undertaken by the Company and to issue policies of re-assurance and to enter into re-assurance contracts upon any terms and whether or not binding the Company for any fixed term to accept without investigation any part of risks undertaken by another company or by any firm or individual which are of such a nature as the Company may be authorised to insure :
- (11) To act as the agent for the issue of any stocks funds shares debentures mortgages or securities and to underwrite or guarantee the subscription of the same and to subscribe for the same conditionally or otherwise :
- (12) To sell the whole or any part or branch of the business property or undertaking of the Company to accept as the consideration for such sale or for any services rendered the shares or obligations of or any interest in any company formed or to be formed in the United Kingdom or elsewhere and upon a return of capital or division of profits to distribute any shares stock or obligations among the members in specie :
- (13) Generally to purchase take on lease exchange hire or otherwise acquire any real or personal property rights or privileges which the Company may think necessary or convenient with reference to any of these objects or capable of being profitably dealt with in connection with any of the Company's property or rights for the time being :
- (14) To borrow or raise money and to issue bonds debentures debenture stock or other obligations whether perpetual or redeemable payable to bearer or otherwise and for the purpose of securing borrowed money and interest thereon or for securing any obligations of the Company or for any other purposes of the Company to mortgage or charge the whole or any part of its assets present or to be acquired and its undertaking including its uncalled capital and to redeem purchase or pay off any such securities :
- (15) To invest the funds of the Company in such manner as may from time to time be determined and to acquire and hold any real or personal heritable or movable property or to erect buildings either for facilitating the carrying on of any business of the Company or as an investment of its funds and to sell improve manage

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- develop exchange enfranchise lease mortgage pledge
dispose of turn to account or otherwise deal with all or
any part of the property or rights of the Company :
- (16) To draw accept endorse discount execute and issue bills
of exchange promissory notes debentures bills of lading
and other negotiable or transferable instruments or
securities :
- (17) To establish and support or aid in the establishment and
support of associations institutions funds or trusts calcu-
lated to benefit servants or ex-servants of the Company
or the dependents or connexions of such persons and to
grant pensions and allowances to any persons connected
or who may have been connected with the Company and
to make payments towards their insurance and to sub-
scribe or guarantee money for any charity or benevolent
object or for any public general or useful object :
- (18) To do all or any of the before mentioned things in any
part of the world and either alone or jointly or as a
joint adventure with any other company association or
individuals either as principals agents trustees contractors
or otherwise and either by or through agents sub-con-
tractors trustees or otherwise and for the purpose of
transacting business abroad to procure the Company to
be incorporated registered or recognised in any foreign
country state or province or in any British dominion
colony protectorate or dependency or any country over
which the Crown may by treaty mandate agreement or
otherwise have acquired or assumed jurisdiction and to
establish branch offices regulated by local laws and
obtain any concession and to deposit money with the
Government authorities in such places or in the hands
of trustees or otherwise in order to comply with the
terms of any concession obtained or the laws or regulations
in force for the time being in any country where the
Company may desire to transact business or for the con-
venience or credit of the Company there and in order to
transact such business to vest any powers or authorities
in any attorney or other agent :
- (19) To place or allow to remain in the name or names or in
the custody or within the legal control of any person or
persons or company wherever resident or domiciled for
and on behalf of or as trustees for the Company or any
class of policy-holders any money investments securities

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or other property of the Company for the time being and to call upon such trustees for a transfer or reconveyance to the Company of any money investments securities or other property held by or vested in them: A.D. 1920.

(20) To obtain any Provisional Order or any Act of Parliament or any judicial or other legal sanction for enabling the Company to carry any of its objects into effect or for introducing any modification into the Company's constitution or for any other purpose which may seem expedient and to oppose or contribute towards the expense of opposing any Bill in Parliament or any proceedings or applications which may be deemed to be prejudicial to the interests of the Company:

(21) To do all such other things as may seem to the Company to be incidental or conducive to the attainment of the objects named or any of them. And it is hereby declared that the word "company" in this clause except where used in reference to this Company shall be deemed to include any partnership or other body of persons whether incorporated or not incorporated and whether domiciled in the United Kingdom or otherwise.

4. The liability of the members is limited.

5. The capital of the Company is six million pounds sterling divided into 3,000,000*l.* preference stock having such preferential rights as to dividends and capital and other rights privileges and conditions attached thereto as are mentioned in the articles of association of the Company and 120,000 ordinary shares of 25*l.* each. The rights privileges and conditions attached to the said preference stock shall not be varied modified abrogated or otherwise affected except with such sanction as is prescribed by Article 38 of the articles of association set out in the First Schedule to the North British and Mercantile Insurance Company's Act 1920.

ARTICLES OF ASSOCIATION OF THE NORTH BRITISH AND
MERCANTILE INSURANCE COMPANY LIMITED.

PRELIMINARY.

1. The regulations contained in Table "A" of the First Schedule to the Companies (Consolidation) Act 1908 shall not apply to the Company. Table "A" not to apply.

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Interpreta-
tion of terms.

2. The following words and expressions shall have the following meanings unless there shall be something in the subject or context repugnant to such construction (that is to say):—

“The Company” and “this Company” both shall mean the North British and Mercantile Insurance Company Limited;

“The statutes” means the Companies Acts 1908 to 1917 and every other Act of Parliament incorporated therewith or substituted therefor;

“The Companies Act 1908” means the Companies (Consolidation) Act 1908;

“The general court” shall mean the members of the Edinburgh board and of the London board acting together in joint session;

“The Edinburgh board” shall mean those of the directors who are to meet as a board at Edinburgh and the expression “the London board” shall mean those of the directors who are to meet as a board at London;

“The Edinburgh directors” and “the London directors” respectively shall mean the members of the Edinburgh board and the members of the London board respectively;

“Either board” shall mean either the Edinburgh board or the London board;

“Bankruptcy” includes insolvency sequestration liquidation by arrangement and composition with creditors by reason of insolvency in court or otherwise;

“Dividend” includes bonus on shares;

Words and expressions defined in the statutes shall have the same meanings in these articles.

3. The registered office of the Company shall be in Edinburgh or at such other place in Scotland as the general court may appoint.

CAPITAL AND SHARES.

4. None of the funds of the Company shall be employed in the purchase of the stock or shares of the Company.

5. The capital of the Company is six million pounds divided into three million pounds preference stock (hereinafter called the four per cent. preference stock) of which one million seven hundred and fifty thousand pounds stock has been issued and is fully paid up and one hundred and twenty thousand ordinary shares of twenty-five pounds each of which one hundred and ten thousand shares have been issued and the sum of six pounds five shillings per share has been paid up thereon and the four per cent. preference stock and ordinary shares respectively

Company not
to purchase
their shares.

Capital.

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confer upon the holders thereof the respective rights and privileges hereinafter appearing. A.D. 1920.

6. The holders of the said four per cent. preference stock are entitled to (a) a preferential dividend at the rate of four per centum per annum on the amount for the time being paid up or deemed to be paid up thereon such dividend to be payable as regards each year out of the profits available in such year for dividend in priority to any dividend upon any other shares or stocks of the Company already issued or to be issued and (b) the right in a winding-up to payment off of capital in priority to all other shares or stock of the Company but not any further right to participate in profits or assets nor subject as hereinafter provided any right to attend or vote at general meetings of the Company nor any other right attaching to membership of the Company.

Rights of four per cent. preference stockholders.

7. The unissued four per cent. preference stock and ordinary shares shall be under the control of the general court who may issue or allot the same at such prices and times and in such manner and generally on such terms as they may with the sanction of the Company in general meeting determine.

Issue and allotment of unissued stock and shares.

8. If by the conditions of allotment of any stock or share the whole or a part of the amount or issue price thereof shall be payable by instalments every such instalment shall when due be paid to the Company by the person who for the time being shall be the holder of such stock or share.

Instalments to be duly paid.

9. The Company may make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and the time of payment thereof.

Difference in amount of calls.

10. The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any stock or shares in the Company but so that if the commission shall be paid or payable out of capital the statutory conditions and requirements shall be observed and complied with and the commission shall not exceed 10 per centum on the nominal amount of stock or shares in each case subscribed or agreed to be subscribed.

Commission for placing stock or shares.

11. The Company shall not be bound to see to the execution of any trust whether express implied or constructive to which any stock or share may be subject and the receipt of the person in whose name any such stock or share shall stand in the books of the Company shall from time to time be a sufficient discharge to the Company for any dividend or other sum of money payable in respect of such stock or share notwithstanding any trusts to which such stock or share may

Company not bound by trusts.

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A.D. 1920. — then be subject and whether or not the Company have had notice of such trusts and the Company shall not be bound to see to the application of the money paid upon such receipts.

Joint hold-
ings.

12. If several persons are registered as joint holders of any stock or share any one of such persons may give effectual receipts for any dividends or other moneys payable in respect of such stock or shares.

Liability of
joint pro-
priators.

13. The joint proprietors of any stock or share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of each sum of stock or each share.

CERTIFICATES.

Certificates.

14. Every person whose name is entered as a member in the register of members shall without payment be entitled to a certificate in a form to be fixed by the general court for the stock or shares registered in his name Any such certificate which may be issued after these articles come into effect shall be signed by the registrar or other officer of the Company appointed by the general court to subscribe the same and shall specify the stock or shares comprised therein and the amount paid up or deemed to be paid up thereon:

Provided that in respect of stock or shares held jointly by several persons the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate for stock or for shares to one of several joint holders shall be sufficient delivery to all.

As to issue of
new certificate
in place of one
defaced lost or
destroyed.

15. If a stock or share certificate is defaced lost or destroyed it may be renewed on payment of such fee if any and on such terms if any as to evidence and indemnity as either board think fit.

LIEN.

Company's
lien on
shares.

16.—(1) The Company shall have a first and paramount lien upon all the stock or shares registered in the name of each member (whether solely or jointly with others) for his debts liabilities and engagements solely or jointly with any other person to or with the Company whether the period for the payment fulfilment or discharge thereof shall have actually arrived or not Such lien shall extend to all dividends from time to time declared in respect of such stock or shares Unless otherwise agreed the registration of a transfer of stock or shares shall operate as a waiver of the Company's lien (if any) upon such stock or shares.

As to en-
forcing lien
by sale.

(2) For the purpose of enforcing such lien either board may sell the stock or shares subject thereto in such manner as they think fit but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have

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been served on such member his executors or administrators and default shall have been made by him or them in the payment fulfilment or discharge of such debts liabilities or engagements for seven days after such notice. A.D. 1920.

(3) The net proceeds of any such sale shall be applied in or towards satisfaction of the debts liabilities or engagements and the residue (if any) paid to such member his executors administrators or assigns. Application of proceeds of sale.

CALLS ON STOCK OR SHARES.

17. The general court may from time to time make such calls upon the members in respect of all moneys unpaid on their stock or shares as they think fit and not by the terms of issue made payable at fixed times provided that twenty-one days' notice at least is given of each call and each member shall be liable to pay the amount of calls so made to the persons and at the times and places appointed by the general court. General court may make calls.

18. A call shall be deemed to have been made at the time when the resolution of the general court authorising such call was passed. Time when call made.

19. If any call or instalment payable in respect of any stock or share is not paid before or on the day appointed for payment thereof the holder for the time being of such stock or share shall be liable to pay interest on the same at five per cent. per annum from the day appointed for the payment thereof to the time of the actual payment and in any action for payment of a call production of the register of members or an excerpt therefrom certified by the registrar and a copy of the minute making the call certified in like manner and evidence that the notice of the call was given to the member in terms of these articles shall be sufficient proof of the liability and the amount owing. Interest on calls Evidence that notice was given.

20. The general court may if they think fit receive from any member willing to advance the same all or any part of the money due upon the stock or shares held by him beyond the sums actually called for and upon the money so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the stock or shares in respect of which such advance has been made the Company may pay interest at such rate as the member paying such sum in advance and the general court agree upon. Payment of calls in advance.

TRANSFER AND TRANSMISSION OF STOCK AND SHARES.

21. Either board may refuse to register any transfer of stock or shares not being fully paid stock or shares to a person of whom they In what case directors may

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A.D. 1920. do not approve and whether such person is already registered as a
decline to holder of shares or stock or not and may also refuse to register any
register transfer of stock or shares on which the Company has a lien and they
transfer. shall not be bound to assign any reason for such refusal. The four
per cent. preference stock of the Company shall be transferable only
in amounts of one pound or multiples of one pound but save in this
respect and as provided above the four per cent. preference stock when
fully paid shall be free of all restriction on transfer.

Stock and shares vested in transferor until transfer. 22. The instrument of transfer of any stock or shares in the
Company shall be signed both by the transferor and transferee and the
transferor shall be deemed to remain a holder of the stock or shares
until the name of the transferee is entered in the register of members
in respect thereof and upon such entry the stock or shares shall vest
in the transferee and every such transfer may be in the usual common
form or in such other form as the general court may from time to
time determine or approve and all transfers of stock or shares shall be
valid and effectual if signed or executed according to either the Scottish
or the English mode of executing such instruments or partly according
to the one and partly according to the other.

Not bound to register without delivery of share certificate. 23. The Company shall not be bound to register any transfer
made by a member unless upon delivery of the stock or share
certificate.

Closing of transfer books. 24. The transfer books and register of members may be closed
during such time in each year as the general court may determine.

Trustee &c. to transfer or sell stock or share within two years. 25.—(1) Any person becoming entitled to any stock or share as
a trustee executor administrator tutor curator guardian judicial factor
curator bonis liquidator trustee in bankruptcy committee or person
exercising by order of the court the powers of a committee or other
legal representative shall upon such evidence being produced as may
be required by either board have the right subject as hereinafter
provided either to be registered as a member in respect of the stock
or share upon delivery of an acceptance agreeing to be registered to
be made in such form as the general court may from time to time
approve or instead of being registered himself to make such transfer
of the stock or share as the person in whose name the stock or share
stands registered in the books of the Company could have made
Provided always that either board may refuse to register any such
person as aforesaid as a member in respect of the stock or share
otherwise than in his representative capacity and either board shall
have the same right to decline or suspend registration of any such
transfer as aforesaid as they would have had in the case of a transfer
of the stock or share by the person in whose name the stock or share
is registered in the books of the Company.

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(2) If neither of the rights conferred by this article shall have been exercised by the person so becoming entitled as aforesaid within a period of two years from the date of his so becoming entitled either board may at any time after the lapse of such period sell such stock or share at such price and to such person as they may think fit and shall account for and pay to the person so becoming entitled as aforesaid any balance of the moneys produced by such sale which may remain after payment of all expenses of and incidental to such sale.

A.D. 1920.
Sale by either board.

(3) Upon the sale of any stock or share by either board in purported exercise of the powers conferred upon them by this article either board may authorise the registrar to grant a transfer of such stock or share to the purchaser which shall be deemed to be a good and sufficient transfer of such stock or share to the purchaser and a sufficient discharge for the price.

Validity of sale by either board under special powers.

(4) The registrar shall enter in the register of members the name and designation of the purchaser as the proprietor of the stock or share sold and shall deliver to the purchaser a certificate of such stock or share and thereupon the purchaser shall become the holder of such stock or share discharged from all calls due in respect of and from any lien debt charge or other incumbrance affecting such stock or share before the sale.

Entry of purchaser in register.

(5) The purchaser shall not be bound to see to the regularity of the sale or to the application of the purchase money and after his name has been entered in the register of members in respect of such stock or share the validity of the sale shall not be impeachable by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Purchaser not bound to see to regularity of sale.

26. A person becoming entitled to any stock or share as a trustee executor administrator tutor curator guardian judicial factor curator bonis liquidator trustee in bankruptcy committee or person exercising by order of the court the powers of a committee or other legal representative shall not be entitled to receive notices of or attend or vote at any meetings of the Company or to any other rights or privileges of a member until he shall have become a member in respect of the stock or share and shall not be entitled without the consent of either board to receive or give a discharge for any dividends or other moneys becoming payable in respect of such stock or share until either he shall have become a member in respect of such stock or share or shall have transferred the same with the approval of either board.

Voting and dividends on stock or shares of a deceased or bankrupt member.

27. The executors or administrators of a deceased member not being a joint holder shall alone be recognised by the Company as competent to deal with stock or shares registered in the name of a deceased member and in case of the death of a joint holder of any

Who entitled to deal with stock or shares of deceased member.

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A.D. 1920. stock or shares the survivors or survivor shall alone be recognised by the Company as competent to deal with such stock or shares but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any stock or share jointly held by him.

FORFEITURE.

Notice of forfeiture.

28. If any member fails to pay any call or instalment on the day appointed for payment thereof either board may at any time thereafter during such time as the call or instalment remains unpaid serve a notice on him requiring him to pay such call or instalment together with interest and any expenses incurred by the Company by reason of such non-payment. Such notice shall name a day (not being less than fourteen days from service of this notice) and a place or places on or at which such call or instalment and all interest and expenses that have accrued by reason of such non-payment are to be paid and the notice shall also state that in the event of non-payment at or before the time and at the place appointed the stock or shares in respect of which such call was made or such instalment is due will be liable to be forfeited.

Resolution of forfeiture.

29. If the requisitions of any such notice as aforesaid are not complied with any stock or share in respect of which such notice has been given may at any time thereafter before payment of the calls instalments interest and expenses due in respect thereof has been made be forfeited by a resolution of either board to that effect and notice of such resolution shall be given by the registrar to the person in whose name such stock or share stood registered immediately prior to the forfeiture or to his legal representative and the registrar shall forthwith enter in the register of members the forfeiture with the date thereof.

Disposal of forfeited shares.

30. Any stock or share so forfeited shall be deemed to be the property of the Company and may be sold re-allotted or otherwise disposed of without judicial authority on such terms and in such manner as either board may deem expedient and such forfeiture shall include all rights incident to the forfeited stock or shares except the right to any dividend previously declared thereon.

Surplus proceeds to be paid to former holder.

31. If the proceeds of any stock or shares so forfeited and sold are more than sufficient to pay all calls interest and expenses due thereon the surplus shall be paid to the former holder of the stock or shares or his executors or administrators or assigns.

Forfeiture not to waive past calls.

32. Any member whose stock or shares have been forfeited shall notwithstanding be liable to pay to the Company all calls and instalments owing upon such stock or shares at the time of the forfeiture with interest and expenses as hereinbefore provided.

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33. A certificate in writing by two directors to the effect that a sum of stock or a specified share in the Company has been duly forfeited at a date stated in the certificate shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the stock or share and such certificate and the receipt of the Company for the consideration (if any) given for the stock or share on the sale or disposition thereof shall constitute a good title to such stock or share and the person to whom the stock or share is sold re-allotted or otherwise disposed of shall be registered as the holder of the stock or share and shall not be bound to see to the application of the purchase money nor shall his title to the stock or share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture sale or disposal of the stock or share.

A.D. 1920.
 Title of purchaser.

34. Either board may at any time before any stock or share so forfeited shall have been sold re-allotted or otherwise disposed of annul the forfeiture thereof upon such conditions as they think fit.

Power to annul forfeiture.

ALTERATION OF CAPITAL.

35. The Company in general meeting may from time to time increase its capital by the issue of new shares. Such new shares shall be of such amount and shall be issued at such price and for such consideration and (subject to the rights and privileges attached to the four per cent. preference stock and in so far as such rights and privileges shall not be varied modified abrogated or otherwise affected under Article 38 hereof) on such terms and conditions and with such preference or priority as regards dividends or in the distribution of assets or otherwise over or ranking equally with other shares whether preference ordinary or deferred and whether then already issued or not or as deferred shares and with such special rights of or restrictions against voting as the Company in general meeting may direct. But subject to or in default of any such direction the provisions of these articles shall apply to the new capital in the same manner in all respects as to the ordinary share capital of the Company.

Power to increase capital.

36. The Company may (i) by ordinary resolution—

- (A) Consolidate and divide its share capital into shares of larger amount than its existing shares; or
- (B) Cancel any stock or shares which at the date of the passing of the resolution has or have not been taken or agreed to be taken by any person:

Alteration in denomination of shares and reduction of capital.

and (ii) may by special resolution—

- (A) Subdivide any of its shares into shares of smaller amount:
- (B) Reduce its capital in any manner permitted by law.

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A.D. 1920.
Subdivision
may give
preference to
part.

37. The special resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from such subdivision one or more of such shares shall have any such preference or special advantage as to dividend capital voting or otherwise over or as compared with the others or other of them as the Company has power to attach to new shares.

MODIFYING RIGHTS.

Power to
modify
rights.

38. None of the special rights privileges terms and conditions attached to the four per cent. preference stock or to any other class of stock or shares shall be varied modified abrogated or otherwise affected unless with the sanction of an extraordinary resolution passed at a separate meeting of the four per cent. preference stockholders or of the holders of stock or shares of such other class as the case may be. To every such separate meeting all the provisions of these presents or of the statutes relating to general meetings or to the proceedings thereat shall, mutatis mutandis apply but so that the necessary quorum shall be two persons holding or representing by proxy one-tenth part of the four per cent. preference stock or of the stock or shares of such other class as aforesaid as the case may be.

BORROWING POWERS.

Power to
borrow &c.

39. Either board for the purposes of the business in their jurisdiction or the general court for any of the purposes of the Company may borrow or raise in any manner or upon any terms any sum or sums of money and for the purpose of securing borrowed money and interest or for any other purpose either board may give or create any mortgage charge or lien upon or may pledge any part of the property of the Company within their jurisdiction and the general court may give or create any mortgage charge or lien upon or may pledge the whole or any part of the property of the Company including its uncalled capital for the time being and the Company's undertaking and so that any mortgage or charge may be specific or a floating charge only and the general court may also for any purpose and for any consideration create and issue debentures or other obligations whether perpetual or redeemable and so that any such obligations and the interest thereon may be secured by any such mortgage charge or pledges as aforesaid. But no debentures shall be created or issued except with the sanction of an extraordinary resolution of a separate meeting of the holders of the four per cent. preference stock. Nor shall the total amount at any one time owing in respect of money borrowed or raised on the security of mortgages or charges of any nature specified in the Companies Act 1908 section 93 (1) exceed the amount of the subscribed capital of the Company except with the sanction of a

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general meeting No lender or other person dealing with the Company shall be concerned to see or inquire whether this limit is observed. A.D. 1920.

40. Debentures and other securities created by the Company may be made assignable free from any equities between the Company and the person to whom the same may be issued. Securities may be assignable free from equities.

41. Any debentures or other securities may be issued at a discount premium or otherwise and with any special privileges as to redemption surrender drawings or otherwise. Terms of issue.

GENERAL MEETINGS.

42. A general meeting shall be held in Edinburgh on such day in the month of March April May or June not being more than fifteen months after the last preceding general meeting in every year as the general court may from time to time appoint. Ordinary meetings.

43. The above-mentioned general meetings shall be called ordinary meetings All other general meetings shall be called extraordinary meetings. All other meetings extraordinary.

44. The general court may whenever they think fit and they shall upon a written requisition by the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid or if the dividend on the four per cent. preference stock shall not have been paid for three consecutive years, and payment thereof has not been resumed upon a written requisition by the holders of not less than one-tenth of the issued four per cent. preference stock upon which all calls or other sums then due have been paid convene an extraordinary general meeting to be held either in Edinburgh or in London as the general court may determine and the provisions of section 66 of the Companies Act 1908 or the corresponding provisions in any substituted enactment shall apply. Calling of extraordinary meetings.

45. Seven days' notice specifying the place day and hour of meeting and in case of special business the nature of such business shall be given to each member in manner hereinafter provided. Notice of meeting.

46. The accidental omission to give such notice to or the non-receipt of such notice by any member shall not invalidate any resolution passed at any such meeting. As to omission to give notice.

47. When it is proposed to pass a special resolution the two meetings at which it is intended that the resolution shall be respectively passed and confirmed may be convened by one and the same notice and it shall be no objection to such notice that the second or confirmatory meeting is only convened contingently on the resolution being passed by the requisite majority at the first meeting. Special resolution.

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PROCEEDINGS AT GENERAL MEETINGS.

What business special.

48. All business shall be deemed special that is transacted at an extraordinary meeting and all business transacted at any ordinary meeting shall also be deemed special with the exception of sanctioning a dividend the consideration of the accounts and balance sheets and the ordinary report of the directors and the election and remuneration of directors and auditors.

Quorum of meetings.

49. No business shall be transacted at any general meeting except the declaration of a dividend unless a quorum of members is present either personally or by proxy at the time when the meeting proceeds to business and such quorum shall be five members.

Procedure for want of quorum.

50. If within half an hour from the time appointed for the meeting a quorum is not present the meeting if convened upon the requisition of members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same hour and place and if at such adjourned meeting a quorum is not present within the time appointed the members present shall be a quorum.

Chairman of meeting.

51. At every general meeting the members present shall have power to nominate and elect their own chairman by a majority of votes and if there should happen to be an equality of votes in choosing the chairman the senior director present whom failing the member present holding the greatest number of shares or if there shall be more than one holding the same number of shares then the senior of these shall have the casting vote and the chairman so chosen shall not only have a deliberative vote or votes but also a casting vote in case of equality.

Adjournment.

52. The chairman may with the consent of the meeting adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

How questions to be decided.

53. Every question submitted to a meeting shall be decided in the first instance by a show of hands.

Entry on minutes evidence of resolution.

54. At any general meeting unless a poll is demanded in the case of a special or extraordinary resolution by at least five members present and entitled to vote at such meeting and in any other case by at least five members present and entitled to vote at such meeting and holding in the aggregate shares or stock in respect of which they are entitled to vote to the nominal amount of ten thousand pounds a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority and an entry to that effect in the book of proceedings of the Company

shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. A.D. 1920.

55. If a poll is demanded it shall be taken in such manner and at such time and place as the chairman of the meeting directs and either at once or after an interval or adjournment or otherwise and the result of such poll shall be deemed to be the resolution of the Company in general meeting. Poll.

56. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. Business may proceed though poll demanded.

VOTES OF MEMBERS.

57. The four per cent. preference stock does not confer upon the holders the right to have notice of or to attend or vote at any general meeting unless at the date of the notice convening the meeting the Company shall have failed for three consecutive years to pay the dividend on the four per cent. preference stock. When four per cent. preference stock-holders entitled to attend and vote.

58. At any general meeting on a show of hands every holder of ordinary shares present in person and entitled to vote shall have one vote only and at a poll every such member present in person or by proxy and entitled to vote shall have one vote for every ordinary share up to ten an additional vote for every five ordinary shares beyond the first ten shares up to one hundred and an additional vote for every ten shares beyond the first hundred shares. Holders of four per cent. preference stock at any general meeting which they are entitled to attend or at any separate meeting of the holders of such preference stock shall have one vote each on a show of hands and at a poll every holder of such preference stock present in person or by proxy shall have one vote for every two hundred and fifty pounds of such stock held by him. Scale of voting.

59. If any member is a lunatic or idiot he may vote by his committee curator bonis or other legal curator or by the proxy of such committee or curator. Votes of lunatic members.

60. If two or more persons be jointly entitled to shares or stock conferring the right to vote any one of them may vote in respect thereof as if he were sole owner thereof but in case more than one of several joint holders be present personally or by proxy that one of them whose name stands first of those so present in the register of members as one of the holders of such shares or stock and no other shall be entitled to vote in respect of the same. Votes of joint holders.

61. No member shall be entitled to vote at any general meeting unless all calls due from him have been paid. No vote while calls unpaid.

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Proxies.

62. Votes may be given either personally or by proxy.

Mode of appointing proxy.

63. The instrument appointing a proxy shall be signed by the appointor or his attorney or if such appointor is a corporation the same shall be under its common seal.

Form of proxy.

64. Every instrument of proxy whether for a specified meeting or otherwise shall as far as the circumstances will admit be in the form or to the effect following and the signature thereto need not be witnessed:—

“The North British and Mercantile Insurance Company Limited.

“ I of
hereby appoint of
or failing him of
as my proxy to vote for me and on my behalf at the
general meeting of the Company to be held on the
day of or any adjournment thereof.

“As witness my hand this day of ”

but the general court may allow any form of proxy of which they approve.

Proxy to be a member.

65. No person shall be a proxy who is not a member of the Company and qualified to vote except that a corporation being a member and entitled to vote may appoint one of its officers or other person to be its proxy though not a member.

Deposit of proxies.

66. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof shall be deposited at the office of the Company in Edinburgh or at the office of the Company in London not less than forty-eight hours before the time of holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote.

Where vote by proxy valid though authority revoked.

67. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given provided no intimation in writing of the death revocation or transfer authenticated to the satisfaction of the Company shall have been received at the office of the Company in Edinburgh or London before the meeting.

DIRECTORS.

Number of directors.

68. The number of directors of the Company shall be such a number not exceeding thirty-six as may from time to time be elected of whom a number not exceeding eighteen and their respective successors shall be the Edinburgh board and a number not exceeding eighteen and their respective successors shall be the London board.

Edinburgh and London boards.

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69. The persons constituting the Edinburgh board and the London board respectively at the date of the registration of the Company under the Companies Acts 1908 to 1917 or any substituted enactment shall be the directors of the Company and shall continue in office until they retire in rotation as provided by these articles unless they shall sooner die resign become disqualified or be removed from office.

A.D. 1920.
 Present directors.

70. The Company in general meeting may elect any number of noblemen or gentlemen whether members of the Company or not as presidents vice-presidents and extraordinary or honorary directors of the Company but such presidents and vice-presidents and extraordinary or honorary directors shall have no votes along with the directors in the management of the affairs of the Company or otherwise than as members at any general meeting.

Presidents vice-presidents and extraordinary or honorary directors.

71. The general court and either board respectively may continue to act notwithstanding the occurrence of any vacancy or vacancies which have not been filled up provided that the quorum hereinafter mentioned or from time to time fixed is present at the respective meetings.

Proceedings valid notwithstanding vacancies.

72.—(1) Either board may within their jurisdiction appoint and continue local boards or local committees at such places and consisting of such number of persons as such board may think fit and may discontinue any such local board or committee or establish any new local boards or committees and may appoint or continue any persons to be directors of such local boards or members of such local committees and may from time to time remove any such local directors or members and may determine their remuneration and the mode of payment thereof and may assign to such local boards or committees respectively such limits of jurisdiction and delegate to them such powers and authorities as may from time to time be deemed expedient for conducting the local business of the Company delegated to them subject to the control regulation and superintendence of the Edinburgh board or the London board as the case may be and may extend revoke or vary the jurisdiction power and authorities of such local boards or committees as may from time to time be deemed expedient and all things done by any such local boards or committees within the scope of the jurisdiction powers and authorities which may be delegated to or conferred upon them for the time being shall be deemed to be acts of the Company and binding upon it Any such delegation may be made by resolution or power of attorney under the common seal and such power of attorney may (if the board granting the same think fit) be made in favour of the members or any of the members of any local board or committee established as aforesaid and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the board granting the same think fit and may confer power to sub-delegate.

Local boards and local committees.

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Present members of local boards to continue in office.

(2) The members of local boards or local committees appointed by the Company who shall be in office at the date of the registration of the Company shall continue in office until the expiry of their various periods of office unless they shall sooner die resign or be removed from office.

Qualification of directors.

73. The qualification of a director of either board shall be the holding in his own right of forty ordinary shares in the Company and such qualification shall if not already possessed be acquired within two months after the election or appointment of any such director as aforesaid.

ROTATION OF DIRECTORS.

Election of directors.

74. The three directors whose names stand at the head of the then existing lists for rotation purposes of the Edinburgh board and the London board respectively shall at each annual general meeting retire from office but shall be eligible for re-election and the meeting may elect or re-elect three or any other number of members to be directors of the Edinburgh board and the London board respectively but so that the maximum fixed by Article 68 shall not be exceeded. The names of the directors so elected or re-elected shall be placed at the bottom of the said lists of the Edinburgh board and the London board respectively in such order among themselves as the said boards shall respectively determine.

Supply of vacancies.

75. In the case of any vacancy in the Edinburgh board or in the London board occurring otherwise than under Article 74 the office may either be left vacant or the board in which such vacancy occurs may if they think fit appoint a new director but every such new director shall hold office only until the next following ordinary general meeting of the Company when he shall retire but shall be eligible for re-election.

DISQUALIFICATION OF DIRECTORS.

Disqualification.

76.—(1) The office of director president vice-president extraordinary or honorary director shall ipso facto be vacated—

(A) If he be found a lunatic or become of unsound mind or bankrupt or have a receiving order made against his estate or make any general composition with or assignment for the benefit of his creditors;

(B) If by notice in writing to the Company he resigns his office:

(2) The office of director shall also ipso facto be vacated—

(A) If without the sanction of the board of which he is a member he be or become a director auditor or other officer of or in any other company carrying on all or any of the branches of business for the time being carried on by the Company or any of its subsidiaries;

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- (B) If he cease to hold the due qualification or fail to acquire the same within two months after his election or appointment; A.D. 1920.
- (C) If he fails to attend any meetings of the board of which he is a member (without the permission of the said board) for a period of six months.

77. The general court at a meeting specially called for the purpose may by a resolution in which not less than three-fourths of the total number of directors present shall concur remove a director from office and the Edinburgh board or the London board as the case may be may if they think fit appoint in his stead a new director who shall only hold office until the next annual general meeting but shall then be eligible for re-election. Removal of directors.

78. No director shall be disqualified by his office from contracting with the Company nor shall any contract between a director or directors and the Company or any contract or arrangement entered into by or on behalf of the Company with any company or partnership of or in which any director shall be a member or otherwise interested be avoided nor shall any director so contracting or being such member or so interested be liable to account to this Company for any profit realised by such contract or arrangement by reason only of such director holding his office or of the fiduciary relation thereby established. Provided that the nature of his interest be disclosed by him at the meeting of the directors at which the contract or arrangement is determined on if his interest then exists or in any other case at the first meeting of the directors after the acquisition of his interest and in no case shall the director interested vote as a director upon any question relating to such transaction but this prohibition shall not apply to any contract by or on behalf of the Company to give to the directors or any of them any security by way of indemnity and it may at any time or times be suspended or relaxed to any extent by a general meeting. A general notice that a director is a member of any specified firm or company and is to be regarded as interested in all transactions with that firm or company shall be sufficient disclosure under this article as regards such director and the said transactions and after such general notice it shall not be necessary for such director to give a special notice of any particular transaction with that firm or company. Where a director is directly or indirectly interested in any insurance contracts which shall in the ordinary course of business be effected by such director through the manager or other proper officer of the Company disclosure to such officer that the director is interested shall be sufficient disclosure for the purposes of this article and such officer may deal with any such contract as regards terms premium rebate commission and otherwise as freely as he could if the director was not interested. Directors may contract with Company.

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GENERAL COURT.

General
court
Composition.

79. The general court shall consist of all the members for the time being of the Edinburgh board and the London board.

Remunera-
tion of
directors.

80. The members of the general court other than the chairman shall have no remuneration as such beyond their remuneration as members of the Edinburgh board or of the London board as the case may be. The remuneration of the two boards shall unless and until a general meeting otherwise determine be at the rate of six hundred and twenty-five pounds per annum for each director (other than the chairman of the general court) and the aggregate amount falling to each board on this basis shall be divided among the directors of each board (other than the chairman of the general court) in such proportions as each board may determine. Any member of either board who shall perform any special services for the Company either at home or abroad shall be entitled to such extra remuneration as such board shall determine.

Powers
specially re-
served to
general
court.

81. The following powers of the Company and all incidental and consequent powers shall be exercised by the general court alone (that is to say):—

- (1) The superintendence and right of control over the Edinburgh and London boards respectively:
- (2) The determination from time to time of the respective provinces of the said boards:
- (3) The regulation from time to time of the general principles on which the business of the Company shall be conducted:
- (4) The allotting and issuing of shares and stock and the making of calls upon shares:
- (5) The recommending of dividends to be declared on shares or stock and the determining from time to time what proportion of the whole expenses of the Company shall be charged against each of the several branches of the Company's business respectively:
- (6) The appointment and removal and the determination of the authority duties and remuneration and retiring allowance of the general manager (if any) of the Company:
- (7) The appointment removal and remuneration of an officer of the Company to be called the registrar who shall reside in Edinburgh and shall perform the functions and duties imposed on him by these presents or by the general court and in the event of the illness absence or incapacity to act of the registrar the nomination of the officer to perform such functions and duties in his place:

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(8) The making and laying before the ordinary general meeting of the Company of the annual report statement or abstract of the business and affairs of the Company. A.D. 1920.

82. There shall be at least one general meeting of the general court in each half year (called stated meetings) and the general court may fix the times and places of these meetings and of their other meetings as they may from time to time deem expedient. Meetings of general court.

83. Any thirteen or more of the directors may from time to time by notice in writing to the registrar stating the place and objects of the intended meeting require him to call and he accordingly shall call a special meeting of the general court to be held within fourteen days after the delivery of the notice. Special meetings of general court.

84. At every meeting of the general court ten directors shall be a quorum and in the event of a quorum not being present at any such meeting within one hour after the time appointed for the holding of the meeting it shall stand adjourned to the next day (not being Sunday) to meet at the same place and hour as were appointed for the original meeting and if the quorum be not present at the adjourned meeting within one hour after the time appointed for the holding thereof the meeting shall stand adjourned sine die. Quorum of general court.

85. There shall be a chairman of the general court who shall be a director of the Company but shall not be the chairman of either the Edinburgh or the London board. The chairman of the general court shall be elected by the general court for such period as may be fixed by the general court at the time of his election (provided he shall so long continue a director) and if no time is fixed then he shall hold office for one year from the date of his election. Provided that if the chairman for the time being of the general court shall become the chairman of either board he shall immediately thereupon cease to be the chairman of the general court. In the absence of the chairman of the general court at any meeting of the court the directors present shall choose one of their number to preside thereat and any director so chosen shall have both a deliberative and a casting vote. Chairman of the general court.

86. The chairman of the general court shall be deemed during his tenure of office to be a member of both the Edinburgh and London boards and of every committee appointed by the general court or by either board and shall have a deliberative vote at all general court board and committee meetings at which he is present and when in the chair a casting vote in addition but in reckoning the actual number of members of each board and for all purposes connected with the rotation of directors the chairman of the general court shall be deemed a member only of the board of which he was a member at the time of his election as such chairman. Status of chairman.

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Remunera-
tion of chair-
man.

87. The chairman of the general court shall receive as such an annual sum not exceeding twelve hundred and fifty pounds or such other sum as the general court may from time to time (with the sanction of the Company in general meeting) determine and while chairman he shall not receive any other fees or remuneration as director.

Committee
of general
court.

88.—(1) The general court may appoint annually a committee under the name of the general court committee consisting of an equal number (not in either case exceeding four) of members of the Edinburgh board and of the London board respectively in addition to the chairman of the general court.

(2) The duties of the general court committee are to advise with the chairman of the general court respecting the business and affairs of the Company and to perform such duties as may be delegated to it by the general court.

(3) A meeting of the general court committee may be summoned at any time by the chairman of the general court and he must summon a meeting to be held within fourteen days after receiving a written requisition in that behalf from two of its members.

(4) If the chairman of the general court is not present at a meeting of the general court committee the members present may choose a chairman who shall have a deliberative as well as a casting vote.

(5) In the event of any member being unable to attend a meeting of the general court committee the Edinburgh or the London board as the case may be may depute one of their number to supply his place at that meeting.

Powers of
Edinburgh
and London
boards.

89. The Edinburgh and London boards respectively shall (subject to the control of the general court) conduct and superintend the business of the Company within the province and authority of their respective board (the limits of their respective province to be where necessary determined by the general court) and for that purpose may do and execute all acts deeds contracts matters and things and exercise all the powers of the Company except such as under the provisions of these articles or by virtue of any regulations prescribed by the Company in general meeting are or from time to time shall be specially reserved to the Company in general meeting and to the general court respectively.

APPOINTMENT AND REMUNERATION OF OFFICIALS.

Head office
officials.

90. Either board may from time to time within their own province and authority appoint—

(1) Such managers actuaries secretaries and other officers agents and servants and also bankers law agents and solicitors of

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the Company to act under them as they may think fit; A.D. 1920.
and

- (2) Such managers secretaries and other officers agents and servants Branch officials.
bankers law agents and solicitors to act under any local
boards or local committees as they may think fit but this
power may to any extent and subject to any conditions as
to remuneration or otherwise be delegated from time to
time to local boards and local committees by the terms of
their appointment or by the regulations under which they
may act from time to time:

And all managers actuaries secretaries and other officers agents and
servants of the Company appointed by either board shall be removable
by the board appointing them.

91. The remuneration and retiring allowances if any of the Remunera-
tion of
officers.
managers actuaries secretaries or other officers and servants of the
Company within the province and authority of either board shall be
determined by that board.

MANAGING DIRECTOR.

- 92.—(1) Either board may if they think fit appoint one of the Power to
appoint
managing
director.
members of their board to act as managing director in respect of all
or any of the business and matters within the province and authority
of such board.

(2) A director so appointed shall be called "managing director"
and his appointment as such may be at any time recalled by the board
appointing him.

(3) A managing director shall exercise and perform such powers
functions and duties as may be delegated to him by the board
appointing him.

(4) The salary and remuneration received by a managing director
shall be fixed by the board appointing him and may be either in
addition to or in lieu of the remuneration to which he is entitled as
an ordinary director.

(5) A managing director shall cease to hold office as such on
ceasing to be a member of the board which appointed him.

PROCEEDINGS OF DIRECTORS.

93. Either board may meet for the transaction of business adjourn Meeting and
quorum of
Edinburgh
and London
boards.
or otherwise regulate their meetings and proceedings as they think fit
and may appoint their own chairman who shall have both a deliberative
and a casting vote. Five directors shall be a quorum at any meeting
of either board.

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Committees
of directors.

94. Either board may from time to time appoint and remove such committees of their own respective number as the board think fit and may determine the number quorum authority duties and procedure of the committees. The two boards may if thought fit appoint a joint committee for any purpose.

Proceedings
of local
boards and
local com-
mittees.

95. Local boards and local committees shall conform to any regulations that may be imposed upon them by the terms of their appointment or from time to time by that one of the Edinburgh and London boards within whose province and authority they may be and subject thereto may elect a chairman and determine the quorum for the transaction of business. If no such chairman is appointed or elected or if he is not present at the time appointed for holding the meeting the members present shall choose one of their number to be chairman of such meeting. Subject as aforesaid a local board or local committee may meet and adjourn as they think proper and all questions shall be determined by a majority of votes of members present and the chairman shall have both a deliberative and a casting vote.

SEAL.

Company may
exercise
powers of s. 79
of the Act of
1908.

96. The Company may exercise the powers conferred by section 79 of the Companies Act 1908 and such powers may be exercised by the Edinburgh board or by the London board.

INVESTMENTS.

Investment
of funds.

97. It shall be lawful for either board from time to time to lay out and invest the funds of the Company either in the name of the Company or of trustees to be named by either board on behalf of the Company and either by way of purchase or loan in or upon all or any of the investments or securities after specified in the United Kingdom or in any British dominion colony protectorate or dependency or any country over which the Crown may by treaty mandate agreement or otherwise have acquired or assumed jurisdiction or in any foreign country state or province (viz.):—

First Purchase of or mortgage (including contributory mortgage) of or security over lands or real or personal estate or any interest in lands or real or personal estate:

Second Feu duties ground annuals ground rents head rents chief rents or rentcharges or any kind of rents or income arising out of any lands or real estate or leasehold estate:

Third Life policies and bonds of annuity of the Company or of any other life assurance office:

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Fourth Bonds or securities or indentures with the joint and several guarantee covenant or obligation of any person or persons of whose responsibility the Edinburgh and London boards shall respectively be satisfied: A.D. 1920.

Fifth Public stocks funds bonds Exchequer or Treasury bills or other such securities:

Sixth Mortgages bonds debentures debenture stocks or other obligations annuities guaranteed or lien stocks or shares preference stocks or shares preferred or deferred ordinary stocks or shares and ordinary or other stocks or shares of or deposits with any county municipality municipal or other local authority corporation company trust or body and generally moveable estate property and funds of every description:

Seventh Bonds bills notes or other obligations of any corporation company trust body or individual where specific property heritable or moveable real or personal is vested in any corporation company trust body or individuals in trust or otherwise impignorated or hypothecated for securing the payment of the sums exigible under such bonds bills notes or other obligations:

Eighth Life interests or reversionary interests with or without policies of life assurance—

Respecting the investments and securities fifth sixth and seventh above specified the following provisions shall have effect viz. (a) Purchase shall include acquisition by subscription allotment tender or otherwise (b) the certificates or other documents of title may be in favour of bearer or transferable by delivery or otherwise and (c) no investment shall be made which carries with it or infers unlimited liability.

Either board may from time to time retain or set apart such sums as they think proper for conducting the current business of the Company and deposit the same in such banks or banking companies as they may appoint on a current or deposit account or accounts in the name or for behoof of the Company to be operated on by such persons and in such manner as such board may direct.

98. Either board shall have power from time to time at their discretion to vary and transpose any of the investments under their control. Power to vary investments.

FIRE AND LIFE FUNDS.

99. The fire and life departments of the Company's business shall as far as possible be kept distinct and separate in the same way as if they were independent concerns under different management. Separation of fire and life departments.

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Defining
funds of life
department.

100. The funds of the life department shall consist of the accumulated funds of the life and annuity branches of that department as existing at the date of the registration of the Company and all accumulations and investments thereof and the income and annual produce thereof and all moneys hereafter to be received in respect of the life department.

Defining
funds of fire
department.

101. The funds of the fire department shall consist of the accumulated funds of that department as existing at the date of the registration of the Company and all accumulations and investments thereof and the income and annual produce thereof and all moneys hereafter to be received in respect of the fire department.

Funds of fire
and life de-
partments to
be separately
invested.

102. The funds of the life department and the funds of the fire department as hereinbefore defined shall be as far as possible separately invested and the amounts of the investments of the one kept distinct from those of the other in the books of the respective departments. In the event of any surplus fund being due by the one department to the other the same shall bear interest at such rate as may from time to time be fixed by the general court.

Annuity
accounts.

103. A subsidiary account shall be kept in the books of the life department of all transactions relating to the annuity business and the investments made in respect thereof.

How loss on
investments
borne.

104. In the event of a loss arising on any of the investments the same shall be borne respectively by the branch or department in respect of which the investment is held.

PARTICIPATION.

Balance of
life depart-
ment.

105. The books of the life department shall be balanced every fifth year or more frequently if the general court so decide for the purpose of ascertaining the profit or loss. The next balance to be on the 31st of December 1920.

Investiga-
tion.

106. In order accurately to ascertain the state of the funds of the life department at each quinquennial or other balance an investigation shall be made into the existing engagements and securities of that department and all policies of insurance and annuities shall be valued and a sum reserved corresponding to the liability under each.

Division and
balance of
profit.

107. The profit if any of the life department (excluding the annuity branch) having thus been ascertained the amount to be divided and the balance to be carried forward shall be determined by a general meeting of the Company on the recommendation of the general court.

The profit or loss on the annuity branch of the business shall be carried to the credit or debit of the members.

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108. The Company shall have two classes of life insurance policies viz. With profits policies and without profits policies.

Classes of life insurance policies.

109. Only the with profits policies shall participate in the profits of the life department (excluding the profits of the annuity branch) and that to the extent of not less than nine-tenths of such profits The remainder of the profits shall be disposed of in such manner as a general meeting of the Company shall upon the recommendation of the general court decide.

Participating policies.

110. The policyholders' share of the divisible profits of the life department shall be used to provide for each policy entitled to participate for each year since the last division of profits in respect of which the premium of the policy has been paid a reversionary bonus at a uniform rate per cent. on the sum assured and on any previous bonuses which at the date of division have not been surrendered or otherwise applied Such bonus shall be added to and shall be payable on the same conditions as the sum assured unless previously surrendered or otherwise applied.

Share of profits added as bonus to sum insured.

111. All bonuses shall vest immediately on declaration.

Vesting of bonuses.

112. At each quinquennial or other investigation it shall be competent for a general meeting of the Company on the recommendation of the general court to declare out of the policyholders' share of the profits of the life department during the ensuing quinquennial or other period a prospective bonus to be paid on such policies entitled to participate whether existing at the time of such declaration or subsequently effected as may become claims within such period Such prospective bonus shall be paid at a uniform rate per cent. on the sum assured and any previous bonuses which at the date of claim have not been surrendered or otherwise applied for each year within such quinquennial or other period in respect of which the premium of the policy has been paid.

Declaration of prospective bonuses.

DIVIDENDS.

113.—(1) The Company in general meeting may declare a dividend to be paid to the members according to their rights and interests in the profits available for dividend but no dividend shall exceed the amount recommended by the general court.

Declaration of dividend.

(2) The dividends on the four per cent. preference stock shall be paid half-yearly on the first day of January and the first day of July in each year and the general court may declare and pay an interim dividend on the ordinary shares so long as in the judgment of the general court the ascertained or the estimated profits of the Company available for such purposes at such dates or at the date of such declaration as the case may be justify such payments.

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(3) Subject to any special rights for the time being attached to any special class of shares in the capital of the Company all dividends shall be paid in proportion to the capital paid up on the shares or stock.

Dividends payable out of profits.

114. No dividend shall be payable except out of the profits of the Company whether accumulated or otherwise.

Reserve fund.

115. The general court may before recommending any dividend set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall at the discretion of the general court be applicable for meeting contingencies or for equalising dividends or for the payment of special dividends or bonuses or for any other purpose to which the profits of the Company may be properly applied.

Dividends not to bear interest.

116. No dividend shall bear interest as against the Company.

Dividend warrants by post.

117. Dividend warrants and cheques in payment of dividends may be sent through the post to the registered address of the member or in the case of joint holders to the registered address of any one of such joint holders. The Company shall not be responsible for the loss in transmission of any warrant or cheque sent through the post.

CAPITALISATION OF RESERVES &C.

Capitalisation of reserves.

118. The Company in general meeting may at any time and from time to time pass a resolution that any sum or sums (a) forming part of the undivided profits standing to the credit of any reserve fund of the Company including premiums received on the issue of any shares stock or debentures of the Company or (b) being undivided net profits in the hands of the Company be capitalised and that any such sum or sums be set free for distribution and be appropriated as capital to and amongst the members who would have been entitled thereto if the same had been distributed by way of dividend and in the same shares and proportions in such manner as the resolution may direct and such resolution shall be effective and the general court shall in accordance with such resolution apply such sum or sums in paying up any shares stock or debentures of the Company on behalf of the members aforesaid and appropriate such shares or stock or debentures to or distribute the same credited as fully paid-up amongst such members in the proportions aforesaid or shall apply such sum or sums or any part thereof on behalf of the members aforesaid in paying up the whole or part of any uncalled balance which shall for the time being be unpaid in respect of any issued shares or stock held by such members or otherwise deal with such sum or sums as directed by such resolution. Where any difficulty arises in respect of any such distribution the general court may settle the same as they think

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expedient and in particular they may issue fractional certificates fix the value for distribution of any fully paid-up shares stock or debentures make cash payments to any members on the footing of the value so fixed in order to adjust rights and vest any such shares stock or debentures in trustees upon such trusts for the persons entitled to share in the appropriation or distribution as may seem just and expedient to the general court When deemed requisite a contract shall be filed in accordance with section 88 of the Companies Act 1908 and the general court may appoint any person to sign such contract on behalf of the persons entitled to share in the appropriation or distribution and such appointment shall be effective.

ACCOUNTS.

119. The Edinburgh board and the London board respectively shall cause true accounts to be kept of the sums of money received and expended by the Company and of the credits debts assets and liabilities of the Company within their respective provinces and authorities and such further books and accounts as may be required to show the general position of the affairs of the Company from time to time shall be kept by such persons and in such manner as the general court shall direct.

Accounts to be kept.

120. The books of account of the Edinburgh board and the London board respectively shall be kept at the offices of the Company in Edinburgh and London respectively and such further books and accounts as aforesaid shall be kept either at the Edinburgh office or the London office or in duplicate at both as the general court shall direct.

Where books of account to be kept.

121. The general court shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being members of the general court and no member (not being a member of the general court) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the general court or by the Company in general meeting.

Inspection of books by members.

122. A balance sheet shall be made out in every year and laid before the Company in general meeting made up to a date not more than six months before such meeting The balance sheet shall be accompanied by a report of the general court as to the state of the Company's affairs and the amount which they recommend to be paid by way of dividend and the amount if any which they propose to carry to a reserve fund A copy of such balance sheet and report shall seven days previously to the meeting be sent to the persons entitled to receive

Balance sheet.

Copy of balance sheet to be sent to members.

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A.D. 1920. notices of general meetings in the manner in which notices are to be given hereunder and at the same time two copies of each of such documents shall be forwarded to the secretary of the Share and Loan Department Stock Exchange London and to the secretary of the Edinburgh Stock Exchange Association.

AUDITORS.

Auditors. 123. An auditor or auditors shall be appointed and his or their duties shall be regulated in accordance with sections 112 and 113 of the Companies Act 1908 or any statutory modification thereof for the time being in force.

Remuneration of auditors. 124. The remuneration of the auditor or auditors shall be fixed by the Company in general meeting.

Vacancy. 125. The general court may fill any vacancy in the office of auditor until the next ordinary annual general meeting.

EXECUTION OF POLICIES AND OTHER INSTRUMENTS.

Execution of policies and other instruments. 126. All policies of insurance annuity bonds dividend warrants receipts and other instruments issued or granted or made by the Company shall be valid and effectual to all intents if signed by such person or authenticated in such other manner as the Edinburgh board or the London board may from time to time determine in regard to the area under their respective jurisdictions.

NOTICES.

Service of notices and proceedings on Company. 127. All notices or other documents requiring to be served upon the Company may be served by leaving the same at either the Edinburgh office or the London office of the Company.

Notices by Company how to be given. 128. All notices required to be given by the Company by advertisement shall be inserted in one or more of the daily newspapers circulating in Edinburgh and in one or more of the daily newspapers circulating in London.

How notice may be served by Company. 129. A notice may be given by the Company to any member either personally or by sending it prepaid through the post addressed to such member at his registered address or (if he has no registered address in the United Kingdom) at the address if any within the United Kingdom supplied by him to the Company for the giving of notices to him.

Members resident abroad. 130. If a member has no registered address in the United Kingdom and has not supplied to the Company an address within the United Kingdom for the giving of notices to him he shall be deemed to have waived service of notices.

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131. Any notice if given by post shall be deemed to have been served at the time when it should be delivered in ordinary course and in proving service it shall be sufficient to prove that the notice was properly addressed and put into the post office. A.D. 1920.
Notices by post.

132. A notice may be given by the Company to the joint holders of a share or stock by giving the notice to any one of the joint holders. Notice to joint holders.

133. The signature to any notice to be given by the Company may be written or printed. Signature for Company.

INDEMNITY.

134. All acts done by any meeting of the general court the Edinburgh board the London board or any local board local committee or board committee or any person acting as a member thereof shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any of the members thereof or persons acting as aforesaid or that they or any of them were disqualified be as valid as if any such member or person had been duly appointed and was qualified. Acts not invalidated by vacancies or disqualification.

135. The members of the general court the Edinburgh board the London board or any local board local committee or board committee shall not be personally liable to the members or policyholders of the Company or any other person or persons for or in respect of any acts contracts or engagements of the general court or of such board or committee respectively or for any default of any agents officers or other persons employed in the affairs of the Company or intrusted with the moneys thereof or for any loss or damage which may accrue by reason of the failure of any bank or person or any investment of the funds of the Company or of any such acts contracts engagements or defaults as aforesaid or by reason of any lawful act done by them or any of them in their capacity of members of the general court or of such board or committee respectively and all such members of the general court the Edinburgh board or the London board or any local board local committee or board committee respectively shall be indemnified out of the funds of the Company for all their expenses in attending meetings of the Company or any meeting of directors or committees of directors and for all payments made or liability incurred in respect of any acts or matters as aforesaid and for all losses costs and damages which they may incur in the affairs of the Company. Indemnity of members of general court and others.

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SECOND SCHEDULE.

MEMORANDUM OF TERMS (SO FAR AS STILL SUBSISTING) MUTUALLY
PROPOSED BY THE NORTH BRITISH AND MERCANTILE
INSURANCE COMPANY AND THE OCEAN MARINE INSURANCE
COMPANY LIMITED FOR A COMBINATION OF INTERESTS.

1. From and after the commencement of the Act adopting and making these terms binding the Ocean Marine Insurance Company Limited (hereinafter called "the Ocean Marine") shall subject as hereinafter provided become bound to transfer and the North British and Mercantile Insurance Company (hereinafter called "the North British") shall become bound to take over all and singular the lands buildings goods chattels moneys credits debts bills notes stocks shares books papers documents and things in action of the Ocean Marine and the undertaking business and goodwill thereof and the exclusive right and power to use the name of the Ocean Marine with the full benefit of all contracts and engagements and of all securities in respect of the said things in action to which the Ocean Marine is entitled and all other the real and personal property of the Ocean Marine whatsoever and wheresoever except the uncalled capital of the Ocean Marine and except as hereinafter excepted.

The said transfer shall take effect as on and from the first day of January one thousand nine hundred and eight so that the business of the Ocean Marine as and from that date shall be deemed to have been carried on and shall be carried on solely for the benefit and at the risk of the North British. Provided that nothing done by the Ocean Marine or bonâ fide by the directors or officers thereof in the regular and prudent course of business subsequent to that date shall be questioned or objected to.

2. Notwithstanding anything contained in the foregoing article the Ocean Marine shall be at liberty out of its assets to pay at any time before the commencement of the said Act a dividend to its shareholders which with the interim dividend and bonus paid in respect of the year ending the thirty-first day of December one thousand nine hundred and seven will make a total distribution for such year of not exceeding twenty per centum free of income tax on the paid-up capital of the Ocean Marine provided that in the opinion of the directors of the Ocean Marine such dividend shall have been fully earned after setting aside all usual sums for reserve and other special funds. A sum sufficient to pay such dividend shall be considered to be excepted from the assets comprised in Article 1 hereof.

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3. Notwithstanding anything contained in Article 1 hereof the Ocean Marine shall also be at liberty to distribute and shall unless the said Act shall have been previously passed distribute on the first day of July one thousand nine hundred and eight a sum equal to interest at the rate of four per centum per annum on the sum of five hundred and twenty-five thousand pounds (under deduction of income tax) for the period from the first day of January one thousand nine hundred and eight to the thirtieth day of June one thousand nine hundred and eight among its shareholders in proportion to their respective holdings Provided that in the opinion of the directors of the Ocean Marine such sum shall have been fully earned by the Ocean Marine after setting aside all usual sums for reserve and other special funds and such sum shall be considered to be excepted from the assets comprised in Article 1 hereof. A.D. 1920.

4. From the commencement of the said Act the North British shall (unless the North British give notice under Article 15 hereof) become liable in the place of the Ocean Marine upon and in respect of and shall be bound to pay carry out and perform and to indemnify the Ocean Marine and its shareholders against all the debts liabilities contracts and engagements of the Ocean Marine including its policy contracts and engagements and further shall pay all the costs charges and expenses of and incident to the preparation of these terms and to the promotion of the said Act and of and incident to the carrying into effect of the said transfer and shall indemnify the Ocean Marine its directors and shareholders against all proceedings claims and demands in respect thereof.

5. The North British shall with all convenient speed after the commencement of the said Act issue five hundred and twenty-five thousand pounds of preference stock of the North British being part of a total amount of three million pounds preference stock to be called North British and Mercantile Insurance Company four per cent. preference stock (the amount of which shall not be increased beyond the three million pounds without the sanction of Parliament) conferring on the holders (a) the right to a preferential dividend at the rate of four per centum per annum on the amount for the time being paid up or deemed to be paid up thereon such dividend to be payable as regards each year out of the profits available in such year for dividend in priority to any dividend upon any other shares or stock of the North British already issued or hereafter to be issued and (b) the right in a winding up to payment off of capital in priority to all other shares or stock of the North British but not any further right to participate in profits or assets nor any right to attend or vote at general meetings of the North British unless the dividend thereon is unpaid for three consecutive years and then only until the payment thereof is resumed

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nor any other right attaching to membership of the North British. The North British shall with all convenient speed after the commencement of the said Act allot to and register in the name of every shareholder in the Ocean Marine in respect of his shares in that company four per cent. preference stock fully paid up at the rate of thirteen pounds two shillings and sixpence of such stock for each existing share in the Ocean Marine comprised in his holding but so that nothing herein contained shall entitle any shareholder in the Ocean Marine to claim an allotment of a fraction of one pound of the said stock and accordingly in respect of any fraction of one pound of the said stock to which any such shareholder may become entitled a fractional certificate shall be issued exchangeable with other like certificates of sufficient amount for one pound of the said stock.

6. From and after the commencement of the said Act the transfer books of the Ocean Marine shall be closed.

10. The North British shall not create or issue any debentures or debenture stock without the sanction of Parliament.

12. The secretary and staff of the Ocean Marine shall be taken over by the North British and dealt with on not less favourable terms than those upon which they now hold office and with regard to promotion increase of salaries and pensions shall be treated as if they had been in the employment of the North British during the whole term of their service with the Ocean Marine.

14. If with a view to preserving the goodwill of the Ocean Marine and developing the business to be transferred as aforesaid it shall be considered by the North British expedient to form a subsidiary company it shall be lawful to register such company as the Ocean Marine Insurance Company Limited and the North British may take up shares therein guarantee the contracts thereof and enter into any arrangements therewith provided that the North British obtains and retains control thereof. Provided further that the transfer of the said business and property to a subsidiary company shall in no way release or affect the liability of the North British hereunder.

15. If within seven days after the commencement of the said Act the North British shall give notice in writing to the Ocean Marine that the North British desires to preserve the corporate existence of the Ocean Marine and to take over the shares in the Ocean Marine in lieu of taking over the assets thereof as aforesaid the following provisions shall have effect (that is to say):—

(A) Upon the issue of the five hundred and twenty-five thousand pounds four per cent. preference stock as hereinbefore provided the whole of the issued shares in the capital of the Ocean Marine shall without transfer vest in the North

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British free from encumbrances and the North British or its nominee or nominees shall be entered in the register of shareholders of the Ocean Marine as the holder or holders of such shares and the outstanding certificates in respect thereof shall become void and shall be given up to the North British to be cancelled: A.D. 1920.

(B) From and after the commencement of the said Act the transfer books of the Ocean Marine shall be closed for such period as may be necessary to enter the name of the North British or its nominee or nominees in the register of shareholders of the Ocean Marine and upon such entry or entries being made the transfer books shall again be opened:

(C) The provisions of Articles 5 7 8 9 10 and 11 hereof shall apply as if the same were here repeated:

(D) The North British shall indemnify the several persons who shall be shareholders in the Ocean Marine at the commencement of the said Act against all actions proceedings claims and demands as such shareholders in respect of their shares and shall cause all acts of the directors and officers of the Ocean Marine done in the regular and prudent course of business to be ratified and confirmed:

(E) The articles of association of the Ocean Marine shall ipso facto be altered as follows (that is to say):—

(1) By striking out Articles 28 and 36;

(2) By altering the word "ten" in Article 64 into "three";

(3) By adding at the end of Article 78 the words "Where a corporation being a shareholder is present by a proxy who is not a shareholder such proxy shall be entitled to vote for such corporation on a show of hands as well as at a poll";

(4) By adding at the end of Article 82 the words "but a corporation which is a shareholder shall be at liberty to appoint as its proxy either a shareholder or some person who is not a shareholder";

(5) By inserting immediately before Article 37 a new article as follows:—

"36A. The remuneration of the directors shall be a sum equal to three hundred pounds multiplied by the number of directors for the time being and shall be divided among the directors as they may from time to time determine";

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(6) By inserting immediately before Article 78 a new article as follows:—

“77A. The North British and Mercantile Insurance Company whilst it is a shareholder shall be at liberty at any time to convene a general meeting and by its proxy to demand a poll”:

(F) The qualification of the directors of the Ocean Marine shall be provided by the North British:

(G) The remuneration terms of service pensions and retiring allowances of the secretary and other members of the staff of the Ocean Marine shall be left to the discretion of the board of the Ocean Marine.

16. The funds and property of the North British available for this purpose shall alone be liable to answer and make good all claims and demands under or in respect of these terms and under or in respect of the shares to be vested as aforesaid and no shareholder in the North British shall in any case be liable to contribute to the funds of the North British more than the unpaid amount (if any) of his share or shares in the capital thereof.

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