B I L L

No. 71

An Act to amend *The Insurance Act*

(Assented to)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

Short title

1 This Act may be cited as *The Insurance Amendment Act, 2021.*

SS 2015, c I-9.11, new section 8-128.1

2 The following section is added after section 8-128 of *The Insurance Act*:

"Amounts held in contracts

8-128.1(1) In this section:

'actuarial basis' means the assumptions and methods generally accepted and used by fellows of the Canadian Institute of Actuaries to establish the cost of life insurance in relation to the contingencies of human life such as death, accident, sickness and disease;

'exempt policy' means an exempt policy within the meaning of the *Income Tax Regulations* (Canada);

'side account' means an account associated with or part of a contract that may hold or receive funds in excess of the maximum amount permitted to be held in an exempt policy;

'variable insurance contract' means a variable insurance contract as defined in section 3-8.

(2) Subject to any lesser limit provided under the terms of a contract:

(a) with respect to a contract that is an exempt policy, the amount that may be held in a side account must not exceed the sum of:

(i) the amount that would be required to pay future costs of insurance, related premium taxes and administrative fees or charges; and

(ii) the additional amount, if any, that could in the future be held under the contract on an accrual tax exempt basis pursuant to the *Income Tax Act* (Canada);

(b) with respect to a contract that is not an exempt policy, the amount that may be held under the contract together with any associated side account must not exceed the amount required to pay future costs of insurance, related premium taxes and administrative fees or charges; and

(c) the amounts mentioned in clauses (a) and (b) are to be determined from time to time by the insurer on an actuarial basis using the remaining lifetime of the persons then insured under the contract.

(3) This section does not apply to annuities or variable insurance contracts.

(4) Any amount that exceeds the limits set out in subsection (2):

(a) is not and has never been a premium; and

(b) cannot be held under a contract or in its associated side account regardless of the date of issue of the contract**".**

Coming into force

3 This Act comes into force by order of the Lieutenant Governor in Council.

SECOND SESSION

Twenty-ninth Legislature

SASKATCHEWAN

B I L L

No. 71

An Act to amend *The Insurance Act*

Received and read the

First time

Second time

Third time

And passed

Honourable Gordon Wyant

Printed under the authority of
The Speaker of the Legislative Assembly
of Saskatchewan
2021