

Mr. Otis of Pittsfield presented a petition of H. Calvin Ford for legislation to permit the reduction of the capital stock of domestic insurance companies. Insurance. March 22.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Twenty-Seven.

An Act relative to the Reduction of the Capital Stock of Domestic Insurance Companies.

1 *Whereas*, The deferred operation of this act would in
2 part defeat its purpose, therefore it is hereby declared
3 to be an emergency law, necessary for the immediate
4 preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Section seventy-one of chapter one hundred and
2 seventy-five of the General Laws as amended by section
3 nine of chapter four hundred and fifty of the acts of
4 nineteen hundred and twenty-four, is hereby further
5 amended by striking out said section and inserting in
6 place thereof the following:—

7 *Section 71.* If the capital stock of a company is
8 impaired as set forth in section six, such company may,
9 upon a vote of a majority of the stock represented at a
10 meeting legally called for that purpose, reduce its capital
11 stock and the number of shares thereof to an amount
12 not less than the minimum amount required by sec-
13 tions forty-eight and fifty-one. But no part of its
14 assets and property shall be distributed to its stock-

15 holders. Within ten days after such meeting the com-
16 pany shall submit to the commissioner a certificate
17 setting forth the proceedings thereof and the amount
18 of such reduction and the assets and liabilities of the
19 company, signed and sworn to by its president, secre-
20 tary and a majority of its directors. If the commissioner
21 finds that the reduction is made in conformity to law
22 and that it will not be prejudicial to the public, he shall
23 endorse his approval thereon and upon filing the certifi-
24 cate, so endorsed, with the state secretary and paying
25 a fee of twenty-five dollars for the filing thereof, the
26 company may transact business upon the capital as
27 reduced, and the commissioner shall, upon payment of
28 the fee prescribed by section fourteen, issue his certifi-
29 cate to that effect.

30 A company whose capital stock is not impaired may,
31 by a two thirds vote of all its stock entitled to vote,
32 at a meeting duly called for the purpose, reduce its
33 capital stock by reducing the par value of its shares,
34 without changing the number thereof; but no part of
35 its assets shall be distributed to its stockholders nor
36 shall such par value be reduced to less than five dollars
37 nor shall its capital stock be reduced to an amount less
38 than that required by said section forty-eight and
39 fifty-one. A certificate signed and sworn to by the
40 president and secretary and a majority of the directors
41 setting forth such proceedings, shall, within sixty days
42 after such meeting, be submitted to the commissioner.
43 If he finds that the decrease is made in conformity to
44 law he shall endorse his approval thereon; and upon
45 the filing of such certificate so endorsed with the state
46 secretary the company may transact business upon the
47 capital as so reduced and the commissioner shall, upon
48 the payment of the fee prescribed by section fourteen
49 issue his certificate to that effect.

50 A company may, by a majority vote of its directors,
51 after any reduction under this section, require the
52 return of the original certificates of stock held by each
53 stockholder in exchange for new certificates which it
54 may issue in lieu thereof for such number of shares as
55 each stockholder is entitled to in the proportion that
56 the reduced capital bears to the original capital.

