

# HOUSE . . . . . No. 10

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By Victor E. Rolander of Worcester, petition of Israel Katz that life insurance companies be required to provide for loans on industrial life or endowment policies issued in this Commonwealth. Insurance.

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## The Commonwealth of Massachusetts

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In the Year One Thousand Nine Hundred and Thirty-Four.

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An Act requiring Life Insurance Companies to provide for Loans on Industrial Life or Endowment Policies Issued in the Commonwealth.

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

1 Chapter one hundred and seventy-five of the  
2 General Laws is hereby amended by inserting after  
3 section one hundred and forty-seven the following  
4 new section:—

5 *Section 147A.* After premiums have been paid for  
6 ten full years on any policy of industrial insurance  
7 issued after January one, nineteen hundred and  
8 thirty-five, by a domestic or foreign life insurance  
9 company admitted to do business in this common-  
10 wealth, the holder thereof, upon its proper assignment  
11 to the company, shall, within ninety days of the  
12 application therefor, be entitled to a loan from the  
13 company on the sole security of the policy, with  
14 interest at not exceeding six per cent per annum, or,  
15 at the option of the company, with interest as afore-

16 said compounded annually, of a sum not exceeding  
17 its loan value, which loan value shall not be less than  
18 ninety-five per cent of the cash surrender value of  
19 the policy at the end of the policy year during which  
20 the application for the loan is made, computed as  
21 described in section one hundred and forty-seven of  
22 chapter one hundred and seventy-five of the General  
23 Laws, and of all dividend additions thereto, less any  
24 indebtedness to the company and any unpaid portion  
25 of the premium for the then current policy year.  
26 Failure to repay any such loan or to pay interest  
27 thereon shall not avoid the policy while the total  
28 indebtedness thereon is less than such loan value at  
29 the time said default in payment occurs, nor until  
30 thirty days after notice has been mailed by the  
31 company to the last known address of the insured.  
32 The affidavit of any officer, clerk or agent of the com-  
33 pany, or of any one authorized to mail such notice,  
34 that the notice required by this section has been  
35 duly mailed by the company, shall be prima facie  
36 evidence that such notice was duly given. No loan  
37 shall be granted on any policy in force as extended  
38 term insurance as provided above.