

SENATE No. 161

To accompany the petition of James P. McAndrews for legislation relative to the organization of domestic stock companies, to the admission of foreign insurance companies and to the annual statements of such companies. Insurance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Forty-Three.

AN ACT RELATING TO THE ORGANIZATION OF DOMESTIC STOCK COMPANIES; TO THE ADMISSION OF FOREIGN INSURANCE COMPANIES; AND TO THE ANNUAL STATEMENTS OF SUCH COMPANIES.

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 1. Massachusetts General Laws, Ter-
2 centenary Edition, chapter one hundred and seventy-
3 five, section twenty-five, paragraph two, is hereby
4 amended by striking out said paragraph two and
5 inserting in its place the following new paragraph:—
6 Such annual statement shall be in the form required
7 by the commissioner. He shall embody therein, so
8 far as appropriate to the several companies, the sub-
9 stance of the forms provided for in this section, with
10 any additional inquiries he may require for the pur-
11 pose of eliciting a complete and accurate exhibit of the

12 condition and transactions of the companies. The
13 assets and liabilities shall be computed and allowed in
14 such statement in accordance with the rules stated
15 in sections nine, ten, eleven and twelve. Such state-
16 ment shall be subscribed and sworn to by the president
17 and secretary, or, in their absence, by two of its
18 principal officers. If it shall appear in such annual
19 statement that more than ten per cent of the capital
20 stock of any domestic or foreign insurance company
21 authorized or admitted to transact business in this
22 commonwealth on or after January first, nineteen
23 hundred and forty-one is owned or controlled by a
24 partnership, corporation or other association not
25 formed for or principally engaged in the business of
26 insurance, such company shall discontinue the trans-
27 action of business in this commonwealth and the com-
28 missioner shall after notice and hearing revoke its
29 certificate of authority or its license. The commis-
30 sioner may at other times require any such statements
31 as he may deem necessary.

1 SECTION 2. Massachusetts General Laws, Ter-
2 centenary Edition, chapter one hundred and seventy-
3 five, section forty-eight, paragraph one, is hereby
4 amended by adding after the word "thereof", as
5 appearing in line nine of said paragraph one, the fol-
6 lowing: — provided, however, that no such company
7 shall be formed or authorized to transact business in
8 this commonwealth if it shall appear that more than
9 ten per cent of its capital stock is owned or controlled
10 by a partnership, corporation or other association not
11 formed for or exclusively engaged in the business of
12 insurance, — so that, as amended, said paragraph one
13 shall read as follows: — *Section 48. Organization and*

14 *Capital of Stock Companies.* — Ten or more persons
15 residents of this commonwealth may form a stock
16 company (a) to transact the business set forth in any
17 one of the clauses set forth in section forty-seven,
18 excepting the third, (b) to transact the business set
19 forth in the first and eighth clauses thereof, (c) to
20 transact the business set forth in the first and second
21 clauses thereof, or in the first, second and eighth clauses
22 thereof, (d) to transact the business set forth in any
23 two or more of the fourth, fifth, sixth, seventh, eighth,
24 ninth, tenth, twelfth and thirteenth clauses thereof,
25 or (e) to transact the business set forth in the sixth and
26 sixteenth clauses thereof, provided, however, that no
27 such company shall be formed or authorized to trans-
28 act business in this commonwealth if it shall appear
29 that more than ten per cent of its capital stock is
30 owned or controlled by a partnership, corporation
31 or other association not formed for or exclusively
32 engaged in the business of insurance.

1 SECTION 3. General Laws, Tercentenary Edition,
2 chapter one hundred and seventy-five, section one
3 hundred and fifty, is hereby amended by adding after
4 the word "provisions" as appearing in the last line
5 of said section, the following new sentence:— No
6 foreign company, as defined in section one, shall be
7 admitted to transact business in this commonwealth
8 if it shall appear that more than ten per cent of its
9 capital stock is owned or controlled by a partnership,
10 corporation or other association not formed for or ex-
11 clusively engaged in the business of insurance, — so
12 that, as amended, said section one hundred and fifty
13 shall read as follows:— *Section 150. Admission to trans-*
14 *act Business.*— Foreign companies upon complying with

15 the conditions herein set forth applicable to such com-
16 panies, may be admitted to transact in the common-
17 wealth, as provided in section one hundred and fifty-
18 seven, any kinds of business authorized by this chapter,
19 subject to all general laws now or hereafter in force rela-
20 tive to insurance companies, and subject to all laws
21 applicable to the transaction of such business by
22 foreign companies and their agents; provided, that
23 no provision of law which by its terms applies specifi-
24 cally to domestic life companies shall thereby become
25 applicable to foreign life companies; and provided,
26 further that the provisions of section eighty-one rela-
27 tive to the contingent mutual liability of members
28 shall not apply to any foreign mutual fire company
29 which had been admitted to transact business in the
30 commonwealth prior to January first, nineteen hun-
31 dred and twenty-one and was then actually transact-
32 ing business therein without complying with said
33 provisions. No foreign company, as defined in sec-
34 tion one, shall be admitted to transact business in this
35 commonwealth if it shall appear that more than ten
36 per cent of its capital stock is owned or controlled by a
37 partnership, corporation or other association not
38 formed for or exclusively engaged in the business of
39 insurance.