

The Commonwealth of Massachusetts

EXECUTIVE DEPARTMENT,
STATE HOUSE, BOSTON, JUNE 27, 1947.

To the Honorable Senate and House of Representatives:

The investment of funds by Massachusetts life insurance companies is governed by the provisions of Chapter 175 of the General Laws. A question has been raised recently whether that statute authorizes such insurance companies to invest their funds in debentures or other securities of voluntary associations or trusts.

I am advised that several Massachusetts insurance companies, relying in good faith upon the advice of competent counsel and upon an opinion rendered in 1923 by the Attorney General of Massachusetts, have recently invested or made commitments to invest substantial sums in such debentures.

I am further advised by the Commissioner of Insurance that, subject to the question of compliance with the provisions of Chapter 175, he is satisfied that those investments are consistent with the best interests of the policyholders of the insurance companies concerned.

At the present time it appears that the laws of several other states, including New York, Pennsylvania, Rhode Island, Maryland and Connecticut, authorize life insurance companies to invest in such securities. In order that Massachusetts life insurance companies may not be deprived of favorable investment opportunities available to their competitors, and in order to clarify the existing law as to their permitted range of investments, I recommend the enactment of appropriate legislation concerning such investments at this time. Such a statute should

authorize Massachusetts life insurance companies to invest in transferable certificates of participation or shares, bonds, notes or other evidences of indebtedness of voluntary associations or trusts, subject to appropriate safeguards and limitations, and subject also to approval by the Commissioner of Insurance upon his being satisfied that such approval will not be prejudicial to the best interests of the policyholders of the investing insurance company.

Respectfully yours,

ROBERT F. BRADFORD,

Governor of Massachusetts.