

SENATE No. 14

To accompany the petition of William C. Geary for legislation to further regulate interest on loans by insurance companies on policies issued by such companies. Insurance.

The Commonwealth of Massachusetts

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

AN ACT FURTHER REGULATING INTEREST ON LOANS BY INSURANCE COMPANIES ON POLICIES ISSUED BY 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 142 of chapter 175 of the General Laws, as
2 most recently amended by section 8 of chapter 227 of
3 the acts of 1943, is hereby further amended by strik-
4 ing out, in the tenth line, the word "six" and inserting
5 in place thereof the word: — two, — so that the first
6 sentence will read as follows: — After premiums have
7 been paid for at least three full years on any policy
8 of life insurance issued or delivered in the common-
9 wealth by any life company, the holder thereof, upon
10 written application therefor to the company at its
11 home office and upon an assignment of the policy to
12 the company, in a form satisfactory to it, shall be en-
13 titled to a loan from the company of a sum not ex-

14 ceeding its loan value, on the sole security of the
15 policy, with interest at a rate not exceeding two per
16 cent per annum compounded annually or, at the
17 option of the company, compounded semiannually, —
18 and by adding at the end the following paragraph: —

19 If premiums on any policy of life insurance referred
20 to in the first sentence have been paid for at least
21 twenty years all interest paid by the holder of the
22 policy on any loan made under authority of this sec-
23 tion shall be added by the company to the value of
24 the policy and, in case of payment on account of such
25 policy to the holder or to a beneficiary, the amount of
26 such premium payments shall be included as a part of
27 the amount payable under the policy.