

HOUSE No. 2594

Substituted by the House, on motion of Mr. Bowker of Brookline, for a bill with the same title (House, No. 1204) and passed by the House to be engrossed. March 24.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO THE PAR VALUE OF SHARES OF CAPITAL STOCK OF INSURANCE 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. Section forty-nine of chapter one hun-
2 dred and seventy-five of the General Laws, as appear-
3 ing in the Tercentenary Edition, is hereby amended
4 by striking out the third paragraph which was in-
5 serted therein by chapter fifteen of the acts of nine-
6 teen hundred and thirty-nine.

1 SECTION 2. Section 50 of chapter 175 of the Gen-
2 eral Laws, as most recently amended by chapter 609
3 of the acts of 1949, is hereby further amended by
4 striking out the first sentence of said section and in-
5 serting in place thereof the following: — A stock com-
6 pany, by a two thirds vote of all its stock entitled to
7 vote, or a mutual company, by a two thirds vote of
8 those members present and voting, at a meeting duly
9 called therefor, may alter, add to or change, to the
10 extent authorized by this chapter, the classes of in-
11 surance for the transaction of which it was incorpo-
12 rated, may change the location of its principal office
13 or place of business in the commonwealth, or, in the
14 case of a stock company, may provide for the trans-

15 action of insurance on a participating plan, or may
16 increase or reduce the par value of the shares of its
17 capital stock, which value shall be not less than one
18 dollar, or, in the case of either a stock company or a
19 mutual company, may make any other lawful amend-
20 ment or alteration in its agreement of association or
21 articles of organization, or in the corresponding pro-
22 visions of its act of incorporation.

1 SECTION 3. Section 70 of chapter 175 of the Gen-
2 eral Laws, as appearing in the Tercentenary Edition,
3 is hereby amended by striking out the second sentence
4 thereof, and inserting in its place the following:—
5 If a company shall vote to increase its capital in the
6 second of the two ways set forth in this section, the
7 directors shall fix the price per share at not less than
8 its stated portion of authorized capital at which, and
9 the time, not less than thirty days after the date of
10 such vote to increase, within which, the new stock
11 may be taken by the stockholders.

1 SECTION 4. Section 71 of chapter 175 of the Gen-
2 eral Laws, as appearing in the Tercentenary Edition,
3 is hereby amended by striking out the first sentence
4 thereof, and inserting in its place the following:—
5 Any company may, upon vote of a majority of the
6 stock represented at a meeting legally called for that
7 purpose, reduce its capital stock but not to an amount
8 less than required by sections forty-eight or fifty-one,
9 except as hereinafter provided. It may effect such
10 reduction by decreasing the number of shares thereof,
11 or by reducing the proportionate authorized capital
12 value of its shares. Par value of shares may not be
13 reduced to less than one dollar. Assets and property
14 shall not be distributed to its stockholders if author-
15 ized capital would be impaired thereby.