

# SENATE . . . . No. 554

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To accompany the petition of Silvio O. Conte for legislation relative to the use of certain surplus funds by the Supreme Council of the Royal Arcanum, a fraternal benefit society. Insurance.

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## The Commonwealth of Massachusetts

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### MEMORANDUM FROM COMMISSIONER OF CORPORATIONS AND TAXATION.

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(See section 7 of chapter 3 of the General Laws, as amended by chapter 364 of the Acts of 1937 and section 2A of chapter 549 of the Acts of 1943.)

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*To the Honorable Senate and House of Representatives.*

The above-named petition was transmitted to me by the Clerk of the Senate on December 6, 1954, with the request for a memorandum.

Supreme Council of the Royal Arcanum was organized on November 5, 1877. Other acts affecting the corporation are chapter 62 of the Acts of 1879; chapter 10 of the Acts of 1888; chapter 195 of the Acts of 1902; and chapter 192 of the Acts of 1935.

This proposed act concerns a matter which is under the direct control of the Insurance Commissioner. His opinion should be sought on the technical aspects of that which is sought to be accomplished.

From the point of view of the Department of Corporations and Taxation it appears that special legislation is necessary to accomplish the purposes of the proposed bill.

No fee is required to be paid by a corporation of this type.

Respectfully submitted,

WILLIAM A. SCHAN,  
*Commissioner of Corporations and Taxation.*

## The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO THE USE OF CERTAIN SURPLUS FUNDS,  
OR TO OPERATE ON A ONE FUND BASIS, BY THE SUPREME  
COUNCIL OF THE ROYAL ARCANUM, A FRATERNAL BENEFIT  
SOCIETY.

*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 192 of the acts of 1935 is hereby amended  
2 so that the same shall read as follows: —

3 The Supreme Council of the Royal Arcanum, a  
4 fraternal society incorporated under general law, is  
5 hereby authorized, notwithstanding any provisions of  
6 chapter one hundred and seventy-six of the General  
7 Laws to the contrary, to transfer annually from the  
8 surplus, if any, of its mortuary funds to its General  
9 Fund a sum not in excess of five per cent of the net  
10 mortuary assessments or premiums paid in the preceding  
11 year; provided, that no sum so transferred under  
12 authority of this act shall reduce the actuarial solvency  
13 of such society below the basis referred to in section  
14 seventeen of said chapter.

15 Whenever the admitted assets of the said Supreme  
16 Council of the Royal Arcanum, as shown by its last  
17 annual statement filed with the insurance commissioner  
18 exceed one hundred and five per cent of its entire liabil-  
19 ities, including its required reserves, computed on a net  
20 tabular basis upon the following minimum standard of  
21 valuation, viz., the American Experience Table of  
22 Mortality, with an interest rate of three per cent, such  
23 society shall not be required to establish or maintain  
24 separate funds, and may, in accordance with its con-

25 stitution and by-laws, provide for the consolidation of  
26 its various funds, and may report its transactions accord-  
27 ingly; provided, that no expenses will be incurred that  
28 would impair the reserve base or bases which it is using.

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