

HOUSE No. 2944

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, May 2, 1956.

The committee on Insurance, to whom was referred the petition (accompanied by bill, House, No. 936) of Thomas T. Gray and others relative to investments of domestic insurance companies in municipal and corporate secured obligations, report the accompanying bill (House, No. 2944).

For the committee,

PHILIP K. KIMBALL.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO THE INVESTMENTS OF DOMESTIC INSURANCE COMPANIES IN MUNICIPAL AND CORPORATE SECURED OBLIGATIONS.

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 63 of chapter 175 of the General Laws, as
2 amended, is hereby further amended by adding at the
3 end the following paragraph: —

4 14C. In bonds, notes or other evidences of indebted-
5 ness of companies incorporated under the laws of the
6 United States, or any state thereof, or of the Dominion
7 of Canada or any province thereof, or of associations or
8 trusts as defined in section one of chapter one hundred
9 and eighty-two, secured by assignment of a lease or
10 leases, or the rentals payable under such leases, of real
11 or personal property to (1) the United States of America
12 or any instrumentality thereof or any state of the United
13 States or any county, city, town, school or water district,
14 authority or other political subdivision in any such state;
15 or (2) one or more companies incorporated under the
16 laws of the United States or any state thereof, or of the
17 Dominion of Canada or any province thereof, or one or
18 more associations or trusts as defined in section one of
19 chapter one hundred and eighty-two; provided that
20 (a) the fixed rentals assigned shall be sufficient to repay
21 the indebtedness within the unexpired term of the lease,
22 exclusive of the term which may be provided by an
23 enforceable option of renewal; (b) the average net earn-
24 ings of any lessee under (2) above during the seven
25 fiscal years preceding the date of the investment have
26 been not less than four times its average fixed charges;

27 (c) any county, city, town, school or water district or
28 political subdivision located outside the commonwealth
29 to qualify as a lessee under (1) above must satisfy re-
30 quirements as to either population or debt limitation as
31 provided in paragraphs (2) (b) and (2) (c), respectively,
32 of this section; (d) a first lien on the interest of the lessor
33 in the unencumbered property so leased shall be ob-
34 tained as additional security for the indebtedness; and
35 (e) no company shall invest in such indebtedness if the
36 aggregate balance of all outstanding investments held
37 under this paragraph would thereby exceed five per cent
38 of the assets of such company. As used in this paragraph
39 "net earnings and fixed charges" shall have the meanings
40 ascribed thereto in paragraph 14A of this section; and
41 "unencumbered" shall have the meaning ascribed thereto
42 in paragraph 7 of this section.

The first of these is the fact that the
 population of the country has increased
 very rapidly since the year 1750. This
 increase has been the result of a
 number of causes, the most important
 of which are the following:—
 1. The discovery of the gold mines
 of California, which has attracted
 a large number of people to the
 country. 2. The discovery of the
 gold mines of Mexico, which has
 attracted a large number of people
 to the country. 3. The discovery
 of the gold mines of Peru, which
 has attracted a large number of
 people to the country. 4. The
 discovery of the gold mines of
 Brazil, which has attracted a large
 number of people to the country.

The second of these is the fact that
 the country has become more and more
 civilized since the year 1750. This
 civilization has been the result of
 a number of causes, the most
 important of which are the following:—
 1. The discovery of the gold
 mines of California, which has
 attracted a large number of people
 to the country. 2. The discovery
 of the gold mines of Mexico, which
 has attracted a large number of
 people to the country. 3. The
 discovery of the gold mines of Peru,
 which has attracted a large number
 of people to the country. 4. The
 discovery of the gold mines of
 Brazil, which has attracted a large
 number of people to the country.