

SENATE . . . . No. 444

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The Commonwealth of Massachusetts.

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SENATE, March 16, 1914.

The committee on Insurance, to whom were referred the recommendations of the Insurance Commissioner (House, No. 106), report, in part, the accompanying bill.

For the committee,

WALTER E. McLANE.

## The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Fourteen.

### AN ACT

Relative to Loans and Surrender Values and the Amortization of Bonds of Life 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. Any policy of life or endowment in-  
2 surance hereafter issued or delivered in this com-  
3 monwealth may contain a provision that the  
4 company may at its option defer the granting of  
5 any loan other than to pay premiums on the policies  
6 in the company and may at its option defer the  
7 granting of any surrender value for a period which  
8 shall be stated in said provision, and shall be not  
9 less than sixty days nor more than six months from  
10 the date of the application for such loan or sur-  
11 render value.

1 SECTION 2. All bonds or other evidences of debt  
2 having a fixed term and rate held by a life insurance  
3 company whose policies hereafter issued which con-  
4 tain loan and surrender value provisions give it an  
5 option with respect to making loans and paying sur-  
6 render values, as set forth in section one of this act

7 may, if amply secured and not in default as to prin-  
8 cipal or interest, be valued as follows:— If pur-  
9 chased at par, at the par value; if purchased above  
10 or below par, on the basis of the purchase price  
11 adjusted, so as to bring the value to par at maturity  
12 and so as to yield meantime the effective rate of  
13 interest at which the purchase was made: *provided*,  
14 that the purchase price shall in no case be taken at  
15 a higher figure than the actual market value at the  
16 time of purchase; and *provided, further*, that the  
17 insurance commissioner shall have full discretion  
18 in determining the method of calculating values ac-  
19 cording to the foregoing rule and the values found  
20 by him in accordance with such method shall be final  
21 and binding: *provided, also*, that any such corpora-  
22 tion may return such bonds or other evidence of  
23 debt at their market value or their book value, but  
24 in no event at an aggregate value exceeding the  
25 aggregate of the values calculated according to the  
26 foregoing rule.

1 SECTION 3. This act shall take effect July first,  
2 nineteen hundred and fourteen. All acts incon-  
3 sistent with this act are, to the extent of such in-  
4 consistency, hereby repealed.

