

# SENATE . . . . No. 240.

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[Amendments of the Senate Bill relative to Assessment Insurance Corporations (Senate, No. 230), reported and moved in the Senate on May 12.]

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## Commonwealth of Massachusetts.

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The committee on Bills in the Third Reading report recommending that the bill be amended as follows:—

By striking out section 1 and inserting in place thereof the following new section:—

1   “*Section 1.* Hereafter in every policy or certificate  
2 issued to a resident of Massachusetts by any corporation  
3 transacting therein the business of life insurance upon  
4 the assessment plan, and in every application for such  
5 policy or certificate there shall be printed in bold type,  
6 making one of the principal lines near the top thereof,  
7 the words “assessment plan,” and the same words shall  
8 be printed conspicuously in or upon every circular, card,  
9 and printed document issued by such corporation within  
10 this Commonwealth.”

By striking out the first three lines of section 2 and inserting in place thereof the following:—

“At the expiration of the time for payment stated in each call or notice of an assessment for mortuary, disability or expense purposes, made by any corporation referred to in the preceding section.”

Also by inserting before the word "original" in the 12th line of section 2, the words "terms of the."

By striking out in the 4th and 5th lines of section 3 the words "mentioned in the preceding section," and inserting in place thereof the words "referred to in the first section of this act."

By striking out in section 4, lines 6th to 13th, inclusive, and inserting in place thereof the following:—

1 "Section 12. No such corporation shall transfer its  
2 risks to or reinsure them in any other corporation with-  
3 out a majority vote of the holders of policies or certifi-  
4 cates of each corporation, present and voting thereon at  
5 meetings called to consider the same, of which meetings  
6 a written or printed notice shall be mailed to each holder  
7 of a policy or certificate at least thirty days before the  
8 day fixed for said meetings."

By striking out in the 3d line of section 5, the words "doing business under said act," and inserting in place thereof the words "transacting the business of life insurance upon the assessment plan."

Mr. MACCABE moves that the bill be amended as follows:—

By inserting after section 3, as printed, the following new section:—

1 "Section 4. If, upon examination, or satisfactory  
2 evidence presented, the insurance commissioner is of  
3 opinion that any Massachusetts corporation transacting  
4 business under chapter four hundred and twenty-one  
5 of the acts of the year eighteen hundred and ninety and  
6 acts amendatory thereof, or chapter three hundred and  
7 sixty-seven of the acts of the year eighteen hundred and  
8 ninety-four and acts amendatory thereof, is insolvent, or  
9 has exceeded its powers, or has failed to comply with  
10 any provision of law, or that its condition is such as to  
11 render its further proceedings hazardous to the public or

12 to its policy-holders, he shall apply to a justice of the  
13 supreme judicial court to issue an injunction restraining  
14 it in whole or in part from further proceeding with its  
15 business. Such justice may, in his discretion, issue the  
16 injunction forthwith or upon notice and hearing thereon,  
17 and after a full hearing of the matter may dissolve or  
18 modify such injunction or make it perpetual, and may  
19 make all orders and decrees needful in the premises, and  
20 may appoint agents or receivers to take possession of  
21 the property and effects of the company and to settle its  
22 affairs subject to such rules and orders as the court may  
23 from time to time prescribe, according to the course of  
24 proceedings in equity.”

By inserting before the last section of the bill, as printed,  
the following new section: —

1 “*Section* (—.) Upon the petition of the holders re-  
2 siding in Massachusetts of ten per cent. of the policies  
3 or certificates outstanding in Massachusetts upon the  
4 thirty-first day of December next preceding the date  
5 of the petition, as shown by the annual statement of said  
6 company to the insurance commissioner, in any domestic  
7 assessment insurance company doing business under said  
8 act, the commissioner shall call upon said company for a  
9 full list of the holders of policies and certificates residing  
10 in Massachusetts and their addresses, which list shall be  
11 furnished by the company within three days after such  
12 call. Thereupon the commissioner shall appoint a com-  
13 mission of five policy or certificate holders, residents of  
14 this Commonwealth, none of whom shall be an officer,  
15 director, agent or employee of any other life insurance  
16 company or assessment association, which commission  
17 shall forthwith proceed, under the supervision of the  
18 insurance commissioner, to thoroughly inspect and

19 examine the affairs of said company, especially as to its  
20 financial condition and ability to fulfil its obligations,  
21 and whether it has complied with the laws."

Mr. GALLOUPE moves that the bill be amended by inserting after section 5, as printed, the following new section:—

1 "Section 6. The provisions of this act shall not ap-  
2 ply to fraternal beneficiary associations transacting busi-  
3 ness in this Commonwealth."

Mr. DALLINGER moves that the bill be amended as follows:—

In section 1, by inserting after the word "plan," in line 5, the words "under the provision of chapter four hundred and twenty-one of the year eighteen hundred and ninety and the acts amendatory thereof."

In section 2, by striking out, in line 8, the word "thereafter," and inserting in place thereof the words "after receipt of such notification as shown by the date upon the return card."

By inserting after section 2, the following new section:—

1 "Section 3. Whenever a petition signed by not less  
2 than one-tenth of the holders residing in Massachusetts,  
3 of policies or certificates outstanding upon the thirty-first  
4 day of December next preceding the date of the petition  
5 as shown by the annual statement of said company to  
6 the insurance commissioner, of any domestic assessment  
7 insurance company or association doing business under  
8 chapter four hundred and twenty-one of the acts of the  
9 year eighteen hundred and ninety and acts amenda-  
10 tory thereof, shall be presented to the governor  
11 asking for an investigation of the management, business  
12 and affairs of said company or association, the governor  
13 may by and with the consent of his council appoint a  
14 commission of not less than three nor more than seven  
15 policy or certificate holders of said company who shall

15 be residents of this Commonwealth, none of whom shall  
16 be an officer, director, agent or employee of any life in-  
17 surance company or assessment association. Said com-  
18 mission shall forthwith proceed thoroughly to inspect and  
19 examine the affairs of said company, especially as to its  
20 financial condition and ability to fulfil its obligations and  
21 whether it has complied with the laws of this Common-  
22 wealth and whether the officers thereof have been guilty  
23 of any fraudulent or unlawful conduct in the manage-  
24 ment of its affairs.

25 “For the purposes of such investigation said commis-  
26 sion shall have the power to employ all necessary agents,  
27 examiners, experts and counsel, but shall not so employ  
28 any person who is an officer, director, agent or employee  
29 of any other life insurance company or assessment asso-  
30 ciation. For the purpose of such examination the com-  
31 mission, or persons making the examination for them,  
32 shall have free access to all books, papers and contracts  
33 of said company, or which relate to its business, and  
34 may examine and qualify as witnesses under oath and  
35 examine the directors, officers, agents and trustees of  
36 such company or association and any other persons in  
37 relation to its business, its present and past affairs,  
38 transactions and condition.

39 “Any justice of the supreme judicial court or of the  
40 superior court, either in term time or vacation, upon the  
41 application of the commission, may in his discretion  
42 compel the attendance of such witnesses and the giving  
43 of testimony before the commission in the same manner  
44 and to the same extent as before said courts.

45 “The reasonable compensation of and expenses incurred  
46 by such commission for such examination, including the  
47 payment of expenses and compensation of all persons  
48 employed by said commission, shall be paid by the com-

pany or association after the same have been first approved by the governor and council.

“The report of such commission shall be made to the governor and council as soon as possible, and so much thereof as the governor and his council may deem proper shall be printed in the next annual report of the insurance commissioner; and if the governor and council deem it advisable, a copy of said report or any portions thereof, shall be sent by the officers of said company or association to each policy-holder thereof. In any year when such examination is made by such commission, the insurance commissioner shall not be required to make an examination of said company unless he deems the interest of the public and policy-holders so require.”

By striking out section 3, as printed.

By striking out section 4, as printed, and inserting in place thereof the following new section: —

“*Section 4.* No corporation shall transfer its risks to or reinsure them in any corporation, company or association, doing business under the provisions of chapter four hundred and twenty-one of the acts of the year eighteen hundred and ninety, and acts amendatory thereof unless the said contract of transfer or reinsurance is first submitted to and approved by a two-thirds vote of the policy-holders of each corporation present at meetings called to consider the same, of which meetings written or printed notice shall be mailed to each policy or certificate holder at least thirty days before the date fixed for said meeting; and unless the said contract of transfer or reinsurance is first submitted to and approved by the insurance commissioner.”

By inserting after section 5, as printed, the following new section: —

1 “SECT. 6. Section thirteen of chapter four hundred  
2 and twenty-one of the acts of the year eighteen hundred  
3 and ninety is hereby amended by striking out the whole  
4 of said section and inserting in place thereof the follow-  
5 ing: ‘*Section 13.* When the insurance commissioner, or  
6 a commission appointed by the governor upon petition of  
7 policy-holders, on investigation are satisfied that any  
8 such corporation, company or association has exceeded  
9 its powers, or has failed to comply with any provisions  
10 of law, or has conducted business fraudulently, or that  
11 its condition is such as to render its further proceedings  
12 hazardous to the public or to its policy-holders, they  
13 shall report the facts to the attorney-general, who may  
14 thereupon apply to a justice of the supreme judicial or  
15 superior court for an injunction restraining such corpora-  
16 tion, company or association in whole or in part from the  
17 further prosecution of business. Such justice may in his  
18 discretion issue and injunction forthwith, or upon notice  
19 and hearing thereon may issue such injunction or de-  
20 cree for the removal of any officer of said corporation,  
21 company or association and substitute a suitable person  
22 to serve in his stead until a successor is chosen, and after  
23 a full hearing on the matter may dissolve or modify such  
24 injunction or make it perpetual, and make such further  
25 orders and decrees as the interests of the corporation,  
26 company or association, the policy-holders and the pub-  
27 lic may require; and may appoint a receiver to take pos-  
28 session of the property and affects of the corporation,  
29 company or association, and to settle its affairs, subject  
30 to such rules and orders as the court may from time to  
31 time prescribe, according to the course of proceedings in  
32 equity. No order, judgment or decree appointing a  
33 temporary or permanent receiver of any domestic cor-  
34 poration, company or association doing business under  
35 the provisions of this act shall be made or granted other-

36 wise than upon the application of the attorney-general  
 37 on his own motion, or at the relation of said insurance  
 38 commissioner or said commission appointed by the gov-  
 39 ernor upon petition of policy-holders, except in an  
 40 action by a judgment creditor, or in proceedings suppl-  
 41 mentary to an execution.’”

Insert a new section as follows : —

1 “SECT. 7. Section twenty of chapter four hundred  
 2 and twenty-one of the Acts of the year eighteen hundred  
 3 and ninety as amended by chapter two hundred and sixty-  
 4 three of the Acts of the year eighteen hundred and  
 5 ninety-five is hereby amended by striking out all of said  
 6 section and inserting in lieu thereof the following: ‘*Sec-*  
 7 *tion 20.* No corporation, company or association doing  
 8 business under this act shall issue a certificate or policy  
 9 upon the life of any person more than sixty years of age ;  
 10 nor upon a life in which the beneficiary named has no  
 11 interest: *provided, however,* that such corporations  
 12 which insure against accident only, may issue policies or  
 13 certificates on the lives of persons not over seventy years  
 14 of age. Every call for payments by the policy or cer-  
 15 tificate holders shall distinctly state the purpose of the  
 16 same and whether any part thereof shall or may be used  
 17 for expenses, and if so, how much: *provided, however,*  
 18 that no portion of assessments called for mortuary or  
 19 disability purposes shall be used for expenses without  
 20 the consent and approval in writing of the insurance  
 21 commissioner. No call in excess of the last prior call  
 22 shall be made without the consent and approval in writ-  
 23 ing of the insurance commissioner, a copy of which con-  
 24 sent and approval shall be duly sent to each policy or  
 25 certificate holder upon whom such call is made.’”

Insert a new section as follows:—

1 “*Section 8.* No policy or certificate of insurance shall  
2 be issued by any corporation, company or association  
3 transacting the business of life insurance upon the assess-  
4 ment plan under the provisions of chapter four hundred  
5 and twenty-one of the acts of the year eighteen hundred  
6 and ninety and the acts amendatory thereof, except in  
7 such form as shall be first approved by the insurance  
8 commissioner.”

By striking out section 6, as printed, and inserting in  
place thereof the following new section:—

1 “*Section (—).* This act shall take effect upon its  
2 passage.”





