

SENATE No. 158.

[To accompany the petition of Horace A. Poole for an amendment of the law so that directors of a guaranty capital insurance company may be prevented from making a levy upon policy holders of said company to make good the impairment of the capital of said company. Insurance.]

Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and One.

AN ACT

Relative to the Impairment of the Guaranty Capital
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-two of chapter five
2 hundred and twenty-two of the acts of eighteen
3 hundred and ninety-four is hereby amended by
4 striking out the words " And if it is thus impaired
5 at any time by the payment of losses, such impair-
6 ment shall be made good from the permanent
7 fund, or the directors may make good the whole

8 or any part of it by assessments upon the con-
9 tingent funds of the company at the date of such
10 impairment," — so as to read as follows: —

11 *Section 42.* The stockholders of the guaranty
12 capital of a company, acquired under the pro-
13 visions of chapter three hundred and seventy-five
14 of the acts of the year eighteen hundred and
15 seventy-two, shall be entitled to a semi-annual
16 dividend of not more than three and one-half per
17 centum on their respective shares, if the net profit
18 or unused premiums left after all expenses, losses
19 and liabilities then incurred, together with the
20 reserve for reinsurance, are provided for, shall be
21 sufficient to pay the same; and if any dividend is
22 less than three and one-half per centum the de-
23 ficiency shall be made up when such net profit
24 becomes sufficient therefor. The guaranty capi-
25 tal shall be applied to the payment of losses only
26 when the cash funds not appropriated to the
27 reserve for reinsurance are exhausted. Share-
28 holders and members of such companies shall be
29 subject to the same provisions of law in respect
30 to their right to vote as apply respectively to
31 shareholders in stock companies and to policy
32 holders in purely mutual companies.

1 SECTION 2. This act shall take effect upon its
2 passage.