

SENATE No. 351.

Commonwealth of Massachusetts.

SENATE, May 23, 1907.

The committee on Insurance, to whom was referred the petition (with accompanying bill, House, No. 593) of Henry H. Bosworth and others for legislation to incorporate a life insurance company with authority to issue old age income contracts, report the accompanying bill.

For the committee,

WILLIAM P. HAYES.

Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Seven.

AN ACT

To incorporate the Economic Life Assurance 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 SECTION 1. Henry H. Bosworth, Arthur C. Har-
2 vey and Edwin F. Lyford, their associates and suc-
3 cessors, are hereby made a corporation by the name
4 of the Economic Life Assurance Society; to be
5 located in the city of Springfield, for the purpose
6 of making insurance on lives and granting annuities;
7 and said corporation is hereby granted all the pow-
8 ers, rights and privileges and is made subject to all
9 the duties, restrictions and liabilities set forth in
10 all general laws now or hereafter in force which are
11 applicable to domestic life insurance corporations
12 and not inconsistent with this act.

1 SECTION 2. The corporation shall have a paid-up
2 cash capital of two hundred thousand dollars, di-
3 vided into shares of one hundred dollars each, all
4 of which shall be subscribed and paid for in cash
5 before said corporation shall be authorized to com-
6 mence business.

1 SECTION 3. In addition to the subscription and
2 payment of the capital stock as provided in the pre-
3 ceding section, each person subscribing for the stock
4 shall at the same time subscribe and pay for in cash,
5 as a part of the original surplus of said corporation,
6 fifty dollars for each share of stock subscribed and
7 paid for, and the amount of all such additional pay-
8 ments shall constitute the original surplus of the
9 corporation.

1 SECTION 4. At the first meeting of the corpora-
2 tion eight directors, a majority of whom shall be
3 residents of Massachusetts, shall be chosen by the
4 subscribers to the capital stock, who shall hold office
5 for one year and until their successors are chosen
6 and qualified. Thereafter the number of directors
7 shall be as provided in the by-laws, but not less than
8 eight, one-half of whom shall be chosen by the stock-
9 holders and the other half by the policy holders
10 voting in separate bodies. No person shall be eligi-
11 ble to election as a director unless he is a stock-
12 holder or a policy holder of the corporation, and on
13 ceasing to be such, he shall cease to hold such office.
14 After the retirement of the capital stock of the
15 corporation, as provided in this act, all directors
16 shall be chosen by the policy holders.

1 SECTION 5. The corporation may declare and pay
2 annually or semi-annually from its surplus cash
3 dividends to its stockholders, at a rate to be fixed
4 in the agreement of association, but not more than
5 seven per cent per annum on the amount of its un-
6 retired capital and paid in surplus, and if the divi-
7 dends in any one year are less than as aforesaid,
8 the difference may be made up in any subsequent

9 year or years from surplus accumulations; but no
10 such dividend shall be declared or paid unless the
11 surplus of the corporation, after paying or provid-
12 ing for the payment of such dividend, shall exceed
13 one hundred thousand dollars.

1 SECTION 6. When the admitted assets of the cor-
2 poration on the thirty-first day of December in any
3 one year, after deducting all liabilities, including
4 the capital stock, and after providing for dividends
5 to stockholders in accordance with the provisions
6 of the preceding section, and after providing for
7 the distribution to policy holders not to exceed sev-
8 enty-five per cent of the surplus accruing from the
9 savings from mortality and from interest earned
10 in excess of the amount necessary to maintain the
11 reserve, shall exceed one hundred and fifty thou-
12 sand dollars, the amount in multiples of one thou-
13 sand dollars in excess of one hundred thousand dol-
14 lars shall within three months be applied (one) to
15 the retirement of the original surplus contributed
16 by the stockholders, and (two) after the retirement
17 of the original surplus contributed by the stock-
18 holders to the retirement of the capital stock; but
19 nothing contained in this act shall be construed to
20 authorize or permit the retirement of either the
21 original surplus or the capital stock, to reduce the
22 surplus over all liabilities to an amount less than
23 one hundred thousand dollars.

1 SECTION 7. The corporation shall issue policies
2 on acceptable risks approximating the sums of two
3 hundred and fifty dollars, five hundred dollars, seven
4 hundred and fifty dollars and one thousand dollars,
5 and for such other amounts as may be authorized

6 by the board of directors; and premiums on all pol-
7 cies shall, at the request of the insured, be payable
8 in monthly installments.

1 SECTION 8. Said corporation may, with or with-
2 out medical inspection, sell old age incomes, paya-
3 ble annually, or otherwise, as agreed. The annui-
4 tant shall be entitled to the proceeds of such con-
5 tract to an amount not to exceed one thousand dol-
6 lars per annum, against his creditors and their rep-
7 resentatives if the same is not payable until the
8 annuitant reaches the age of sixty or more years:
9 *provided, however,* that subject to the statute of
10 limitations the amount with interest of any pre-
11 miums paid for such contract in fraud of creditors
12 shall inure to their benefit from the proceeds of the
13 contract. But the corporation shall be discharged
14 from all liability by payment of such annuity in
15 accordance with its terms, unless before such pay-
16 ment the corporation had written notice by or in
17 behalf of a creditor with specifications of the amount
18 claimed, claiming to recover for certain specified
19 premiums paid in fraud of creditors.

1 SECTION 9. The corporation shall not make house
2 to house collections nor shall it appoint or employ
3 agents paid on a commission basis to solicit busi-
4 ness in person, but it may establish offices and adopt
5 means for securing applications for insurance and
6 for the deposit of premiums and annuity payments
7 at convenient places and times and appoint suitable
8 persons as correspondents to receive such applica-
9 tions and payments, notice of whose appointment
10 if to act in this Commonwealth shall be sent forth-
11 with to the insurance commissioner by the corpo-

12 ration to be recorded and such correspondents shall
13 be subject to the provisions of law relating to in-
14 surance agents. But if a policy holder in the cor-
15 poration acts or aids in effecting the insurance on
16 other persons therein and his sole compensation for
17 such service is either a flat or percentage allowance
18 credited by the corporation on premiums on his
19 own insurance therein issued for a term of not less
20 than twenty years or on a life annuity of which the
21 first payment is deferred for not less than ten
22 years, the name of such policy holder need not be
23 so filed with the insurance commissioner, but he
24 shall be otherwise subject to the laws of the Com-
25 monwealth relating to insurance agents.

1 SECTION 10. The corporation shall issue no pol-
2 icy or contract of insurance or annuity until the
3 insurance commissioner has ascertained that its cap-
4 ital and surplus have been paid in and it has other-
5 wise complied with the provisions of this act and
6 the general insurance laws applicable thereto, nor
7 until it has obtained from the commissioner a cer-
8 tificate to that effect and authorizing it to issue
9 policies.