

HOUSE No. 1012

Bill accompanying the petition of the Massachusetts Real Estate Exchange for legislation to provide for the exemption from taxation of certain funds of insurance companies. Taxation. January 13.

The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Thirteen.

AN ACT

Relative to the Taxation 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 twenty-six of Part III of chapter
2 four hundred and ninety of the acts of the year nineteen
3 hundred and nine is hereby amended by inserting after
4 the word "value", in the thirteenth line the words:—
5 after deducting therefrom the amount of so much of the
6 funds of such company as is invested in loans secured by
7 mortgages of taxable real estate situated in this common-
8 wealth, — so as to read as follows:— *Section 26.* A do-
9 mestic or foreign company or association which is en-
10 gaged, by its officers or by agents, as defined in chapter
11 five hundred and seventy-six of the acts of the year nine-
12 teen hundred and seven, in the business of life insurance
13 within this commonwealth shall annually, on or before

14 the tenth day of May, make a return to the tax com-
15 missioner, signed and sworn to by its president and sec-
16 retary, giving the number, date and class of the policies
17 so held, the age of the assured life and the aggregate
18 net value of each group requiring a separate computation
19 to determine their net value and the combined aggregate,
20 and shall annually pay an excise tax of one quarter of one
21 per cent upon the net value, after deducting therefrom the
22 amount of so much of the funds of such company as is
23 invested in loans secured by mortgages of taxable real
24 estate situated in this commonwealth, of all policies in
25 force on the preceding thirty-first day of December, is-
26 sued or assumed by such company and held by residents
27 of the commonwealth, as determined by the tax commis-
28 sioner upon such return and such other evidence as he
29 may obtain.

1 SECTION 2. Section twenty-eight of Part III of said
2 chapter four hundred and ninety is hereby amended by
3 inserting after the words "policy holders", in the ninth
4 line, the words:— *provided*, that so much of said pre-
5 miums and assessments as is invested in loans secured by
6 mortgages of taxable real estate situated in this common-
7 wealth shall be exempt from taxation under the provisions
8 of this section, — so as to read as follows:— *Section 28.*
9 A domestic fire, marine, fire and marine, real estate title
10 and other insurance company, except life insurance com-
11 panies and except companies liable to taxation on their
12 corporate franchise under the provisions of this part, shall
13 annually pay a tax or excise of one per cent on all pre-
14 miums received for insurance during the preceding year,
15 whether in cash or in notes absolutely payable, and one
16 per cent on all assessments made by such company upon
17 policy holders: *provided*, that so much of said premiums
18 and assessments as is invested in loans secured by mort-

19 gages of taxable real estate situated in this common-
20 wealth shall be exempt from taxation under the provisions
21 of this section; but premiums received in other states
22 where they are subject to a like tax shall not be so as-
23 sessed.

1 SECTION 3. Section twenty-nine of Part III of said
2 chapter four hundred and ninety is hereby amended by
3 adding at the end thereof the words:— but so much of
4 said premiums as is invested in loans secured by mort-
5 gages of taxable real estate situated in this commonwealth
6 shall be exempt from taxation under the provisions of
7 this section,— so as to read as follows:— *Section 29.*
8 A fire, marine, fire and marine and other insurance com-
9 pany, association or partnership, including associations
10 formed upon the plan known as Lloyds, incorporated or
11 associated by authority of any other state of the United
12 States, shall annually pay a tax or excise upon all pre-
13 miums charged or received on contracts made in this com-
14 monwealth for the insurance of property or interests
15 therein, or received or collected by agents in this com-
16 monwealth, at the rate of two per cent, and at such greater
17 rate, if any, as shall be equal to the highest rate imposed
18 during the year by the laws of such other state upon in-
19 surance companies incorporated by authority of this com-
20 monwealth, or upon their agents, when doing business in
21 such state, but so much of said premiums as is invested
22 in loans secured by mortgages of taxable real estate sit-
23 uated in this commonwealth shall be exempt from taxa-
24 tion under the provisions of this section.

1 SECTION 4. Section thirty of Part III of said chapter
2 four hundred and ninety is hereby amended by adding at
3 the end thereof the words:— but so much of said pre-

4 miums as is invested in loans secured by mortgages of
5 taxable real estate situated in this commonwealth shall
6 be exempt from taxation under the provisions of this
7 section, — so as to read as follows: — *Section 30.* A life
8 insurance company, association or partnership, incorpo-
9 rated or associated by authority of any other state of the
10 United States, by the laws of which a tax is imposed upon
11 the premium receipts of life insurance companies char-
12 tered by this commonwealth and doing business in such
13 state, or upon their agents, shall annually, so long as such
14 laws continue in force, pay a tax or excise upon all pre-
15 miums charged or received upon contracts made in this
16 commonwealth, at a rate equal to the highest rate so im-
17 posed during the year, but so much of said premiums as is
18 invested in loans secured by mortgages of taxable real
19 estate situated in this commonwealth shall be exempt
20 from taxation under the provisions of this section.

1 SECTION 5. Section thirty-one of Part III of said
2 chapter four hundred and ninety is hereby amended by
3 inserting after the words “per cent”, in the twentieth
4 line, the words: — but so much of said premiums, at
5 whatever rate assessed, as is invested in loans secured by
6 mortgages of taxable real estate situated in this common-
7 wealth shall be exempt from taxation under the provisions
8 of this section, — so as to read as follows: — *Section 31.*
9 Every fire, marine, fire and marine and other insurance
10 company, association or partnership, including associa-
11 tions formed upon the plan known as Lloyds, incorpor-
12 ated or associated under the laws of any government or
13 state other than one of the United States, shall annually
14 pay a tax of four per cent upon all premiums charged
15 on contracts made in this commonwealth for insurance,
16 or collected by agents in this commonwealth: *provided,*

17 that when the tax commissioner is satisfied that any such
18 company has, during the whole term for which the tax is
19 to be assessed, kept on deposit with the insurance or other
20 department of any state of the United States, or in the
21 hands of trustees, resident in and citizens of such states,
22 for the general benefit and security of all policy holders
23 residing in the United States, securities approved by the
24 insurance commissioner of the value of two hundred
25 thousand dollars, which have been at all times available
26 for the payment of losses in this commonwealth, the tax
27 upon the premiums of such company shall be assessed at
28 the rate of two per cent, but so much of said premiums,
29 at whatever rate assessed, as is invested in loans secured
30 by mortgages of taxable real estate situated in this com-
31 monwealth shall be exempt from taxation under the pro-
32 visions of this section. The certificate of the insurance
33 commissioner may be received by the tax commissioner
34 as sufficient evidence that such securities have been de-
35 posited.

1 SECTION 6. Section thirty-two of Part III of said
2 chapter four hundred and ninety is hereby amended by
3 adding at the end thereof the words: — but so much of
4 said premiums as is invested in loans secured by mort-
5 gages of taxable real estate situated in this common-
6 wealth shall be exempt from taxation under the provi-
7 sions of this section, so as to read as follows: — *Section*
8 *32.* Every foreign insurance company subject to the pro-
9 visions of chapter five hundred and seventy-six of the
10 acts of the year nineteen hundred and seven, engaged in
11 the business of insuring against accident to the person, of
12 insuring employers against liability for accidents to em-
13 ployees, of acting as surety upon bonds or of guarantee-
14 ing the fidelity of employees shall pay an annual tax or

15 excise of two per cent upon all premiums charged or
16 received on contracts of insurance or guaranty made in
17 this commonwealth or received or collected by agents
18 therein, but so much of said premiums as is invested in
19 loans secured by mortgages of taxable real estate situated
20 in this commonwealth shall be exempt from taxation
21 under the provisions of this section.

1 SECTION 7. This act shall take effect upon its passage.