

# HOUSE . . . . . No. 111

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Bill accompanying the recommendations of the Insurance Commissioner (House, No. 106). Insurance. January 12.

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## The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Fourteen.

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### AN ACT

Relative to Loans and Surrender Values and the authorization 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. No policy of life or endowment insurance shall be issued or delivered in this commonwealth  
2 unless it contains a provision that the company may at  
3 its option defer the granting of any loan other than to  
4 pay premiums on policies in the company and may at its  
5 option defer the granting of any surrender value for a  
6 period which shall be stated in said provision and shall  
7 be not less than sixty days from the date of the applica-  
8 tion for such loan or surrender value: *provided*, that a  
9 domestic insurance company may issue in other states  
10 policies which contain provisions relating to the defer-  
11 ring of loans or granting surrender values required by  
12 the laws of such states and a foreign insurance company  
13 may issue in this commonwealth any policy containing  
14 provisions required by the laws of its own state respect-

16 ing the deferring of loans or granting of surrender  
17 values.

1 SECTION 2. All bonds or other evidences of debt hav-  
2 ing a fixed term and rate held by any life insurance  
3 company, all of whose policies hereafter issued comply  
4 with section one of this act in respect to the provision  
5 required in policies issued or delivered in this common-  
6 wealth, may, if amply secured and if not in default as  
7 to principal or interest, be valued as follows:— If pur-  
8 chased at par, at the par value; if purchased above or  
9 below par, on the basis of the purchase price adjusted  
10 so as to bring the value to par at maturity, and so as to  
11 yield meantime the effective rate of interest at which  
12 the purchase was made: *provided*, that the purchase price  
13 shall in no case be taken at a higher figure than the  
14 actual market value at the time of purchase; and *pro-*  
15 *vided, further*, that the insurance commissioner shall have  
16 full discretion in determining the method of calculating  
17 values according to the foregoing rule and the values  
18 found by him in accordance with such method shall be  
19 final and binding; *provided, also*, that any such corpora-  
20 tion may return such bonds or other evidence of debt at  
21 their market value or their book value but in no event  
22 at an aggregate value exceeding the aggregate of the  
23 values calculated according to the foregoing rule.

1 SECTION 3. This act shall take effect December thirty-  
2 first, nineteen hundred and fourteen, but any life in-  
3 surance company may insert in policies issued or deliv-  
4 ered in this commonwealth after the passage of this act  
5 and prior to said date the provision set forth in section  
6 one of this act, which section shall not be construed to  
7 apply to weekly premium policies. All acts or parts of  
8 acts inconsistent with this act are hereby repealed.