

HOUSE No. 1332

By Mr. Landry of Watertown, petition of Charles F. J. Harrington that the contingent liability of policyholders of mutual liability insurance companies be increased. Insurance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Thirty-Nine.

AN ACT INCREASING THE CONTINGENT LIABILITY OF POLICYHOLDERS OF MUTUAL LIABILITY 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 eighty-one of the General Laws, chapter
2 one hundred and seventy-five, Tercentenary Edi-
3 tion, is hereby amended by inserting after the word
4 "policy" in line eight the following new paragraph:
5 — Mutual liability companies formed to transact
6 business under the sixth clause of section forty-seven
7 shall in their by-laws and policies fix the contingent
8 mutual liability of their members for the payment
9 of losses and expenses not provided for by cash funds,
10 which liability shall not be less than five times the
11 amount of and in addition to the cash premium
12 written in the policy, — so that as amended said
13 section eighty-one will read as follows: — Mutual fire
14 companies, except as provided in the following sec-

15 tion, shall charge and collect upon their policies a
16 full mutual premium in cash or, except as provided
17 in section seventy-three, in notes absolutely payable.
18 Any such company shall in its by-laws and policies
19 fix the contingent mutual liability of its members
20 for the payment of losses and expenses not provided
21 for by its cash funds, which liability shall not be
22 less than an amount equal to and in addition to the
23 cash premium written in his policy.

24 Mutual liability companies formed to transact
25 business under the sixth clause of section forty-seven
26 shall in their by-laws and policies fix the contingent
27 mutual liability of their members for the payment
28 of losses and expenses not provided for by cash funds,
29 which liability shall not be less than five times the
30 amount of and in addition to the cash premium
31 written in the policy.

32 The total amount of the liability of the policy-
33 holder shall be plainly and legibly stated upon the
34 filing back of each policy. Whenever any reduction
35 is made in the contingent liability of members, such
36 reduction shall apply proportionally to all policies
37 in force.