

HOUSE No. 2429

Substituted by the House, on motion of Mr. Roberts of Boston, for a Bill relative to the merger of certain insurance companies (House, No. 2126). June 21.

The Commonwealth of Massachusetts

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

AN ACT TO AUTHORIZE DOMESTIC INSURANCE COMPANIES TO MERGE OR CONSOLIDATE WITH FOREIGN INSURANCE COMPANIES IN CERTAIN CASES.

1 *Whereas*, The deferred operation of this act would
2 tend to defeat its purpose, therefore it is hereby de-
3 clared to be an emergency law, necessary for the
4 immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter one hundred and seventy-five of the
2 General Laws is hereby amended by inserting after
3 section nineteen A, as amended, the following new
4 section:—

5 *Section 19B.* A domestic company, or two or
6 more domestic companies transacting the same class
7 or classes of business or together transacting classes
8 of business for the transaction of which a domestic
9 company may be formed under section forty-eight
10 or forty-eight A, may merge under the laws of any

11 state of the United States, other than this common-
12 wealth, with a foreign company incorporated under
13 the laws of such state and duly authorized to trans-
14 act in the commonwealth the same class or classes
15 of business as such domestic company or companies
16 or may consolidate under the laws of any such state
17 with one or more foreign companies duly authorized
18 as aforesaid which are incorporated, or any one of
19 which is incorporated, under the laws of such state,
20 and form a new corporation under such laws which
21 shall not transact business in the commonwealth
22 until it complies with the provisions of this chapter
23 relative to the admission and authorization of for-
24 eign companies. Nothing in this section shall au-
25 thorize the merger or the consolidation of stock
26 companies with mutual companies.

27 No such merger or consolidation shall be made
28 unless it is evidenced by a written agreement which
29 shall be assented to by a vote of the majority of the
30 board of directors of each domestic company par-
31 ticipating in such merger or consolidation and, if it
32 is a stock company, approved by the votes of the
33 stockholders owning at least two thirds of the capital
34 stock of such company at a special meeting called for
35 the purpose and, if it is a mutual company, by the
36 votes of at least two thirds of the policy holders who
37 are present and voting at a special meeting called
38 as aforesaid. Notice of any such meeting shall be
39 given in accordance with law and shall also be pub-
40 lished at least once a week for three successive weeks
41 in such newspaper or newspapers printed in the
42 commonwealth, and in such form, as the commissioner
43 shall direct.

44 No such agreement shall be made by any domestic

45 company until a copy thereof, and such other in-
46 formation, as the commissioner may require has
47 been filed with him, nor until it has received from
48 the commissioner a certificate, in such form as he
49 may prescribe, authorizing it to merge or consolidate
50 and to execute such agreement. The commissioner
51 may, in his discretion, refuse to issue such a cer-
52 tificate in any case, and his decision shall be final.

53 The secretary of any such domestic company shall
54 forthwith upon the consummation of the merger or
55 the consolidation file with the commissioner, in such
56 form as he may require, documentary evidence
57 thereof, showing its effective date. The commis-
58 sioner shall file a certificate, in such form as he may
59 prescribe, setting forth the facts, in the office of the
60 state secretary, and thereupon the corporate existence
61 of such company shall cease and determine as of the
62 effective date of such merger or consolidation.

63 The stockholders or policy holders of any domestic
64 company so merging or consolidating shall continue
65 to be subject to all the liabilities, claims and demands
66 existing against them at or before such merger or
67 consolidation. No action or proceeding pending in
68 any court in the commonwealth at the time of the
69 merger or consolidation in which any such domestic
70 company may be a party shall abate or be discon-
71 tinued by reason of the merger or consolidation, but
72 the same may be prosecuted to final judgment in
73 the same manner as if the merger or consolidation
74 had not taken place, or the surviving or resulting
75 company may be substituted in place of any such
76 domestic company by order of the court in which the
77 action or proceeding may be pending.

