

By Mr. Houston, a petition (accompanied by bill, Senate, No. 756) of John Patrick Houston for legislation relative to examination of domestic life insurance companies. Insurance.

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**The Commonwealth of Massachusetts**

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In the Year One Thousand Nine Hundred and Eighty-Six.

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AN ACT RELATIVE TO EXAMINATIONS OF DOMESTIC 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. Chapter 175, Section 4 of the General Laws as  
2 most recently amended, is hereby further amended by substi-  
3 tuting in the first sentence thereof the word, "five" for the word,  
4 "four".

1 SECTION 2. Chapter 175, Section 4 is hereby further amended  
2 by adding the following at the end of the first sentence: —  
3 "Any domestic life insurance company may file with the  
4 Commissioner, on or before July 1 in the year preceding the  
5 year in which such examination would otherwise take place, an  
6 application for a waiver of examination. Such application shall  
7 demonstrate that such insurer (1) has a good record of legal  
8 compliance, business methods and management, (2) has a good  
9 record of treatment of policyholders, and (3) has filed a CPA  
10 Audit Report with the Commissioner for its most recently  
11 completed fiscal year showing: (a) a ratio of mandatory securi-  
12 ties valuation reserve and surplus to total assets of at least five  
13 percent of total assets and (b) that said insurer otherwise is in  
14 sound financial condition. Upon receipt of such application,  
15 the Commissioner shall provide 30 days written notice to such  
16 insurer of a date for hearing on such application which hearing  
17 shall be called within sixty days of the filing of the application  
18 for waiver of examination. Such notice shall contain any ques-

19 tions to which the Commissioner expects such insurance com-  
20 pany to respond at the hearing. Within 30 days of such hearing  
21 the Commissioner shall, in his discretion, grant or deny such  
22 waiver application stating his reasons therefor and file copies  
23 of his determination with such company and the National  
24 Association of Insurance Commissioners.”