

HOUSE No. 2443

By Mr. Walsh of Boston, petition of Joseph B. Walsh for legislation to prohibit the Commissioner of Savings Bank Life Insurance from being a salaried officer of any savings and insurance bank. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Two.

AN ACT TO PROVIDE THAT THE COMMISSIONER OF SAVINGS BANK LIFE INSURANCE SHALL NOT BE A SALARIED OFFICER OF ANY SAVINGS AND INSURANCE BANK.

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 9 of chapter 26 of the General Laws,
2 as appearing in section 1 of chapter 260 of the acts of 1947, is
3 hereby amended by striking out, in lines 4, 5, and 6, the
4 second sentence and inserting in place thereof the following
5 two sentences: — The commissioner of savings bank life insur-
6 ance shall be designated by the governor. He shall be one of
7 the board of trustees of the corporation who shall not be a
8 salaried officer of any savings and insurance bank.

1 SECTION 2. The said chapter 26 is hereby further amended
2 by striking out section 10, as most recently amended by
3 section 2 of chapter 260 of the acts of 1946, section 11, as
4 appearing in the Tercentenary Edition and section 12, as so
5 appearing, and inserting in place thereof the following
6 section: —

7 *Section 10.* The governor shall annually appoint a trustee of
8 the General Insurance Guaranty Fund for seven years from
9 July first in the year of his appointment. Such trustee shall
10 serve without compensation and shall be selected from persons
11 who are trustees of savings banks or of savings and insurance
12 banks; provided, however, (1) that at all times the trustees of
13 the said Fund shall include two, but no more than two,

14 persons each of whom, in addition to being a trustee of a
15 savings and insurance bank, is also a salaried officer of such
16 bank engaged in full-time service to the bank and (2) that at
17 no time shall the trustees of said Fund include any person who
18 is an officer, employee, or agent of any life insurer other than
19 a savings and insurance bank. The trustees shall elect from their
20 own number a vice-president and a treasurer. The vice-president
21 shall act as the commissioner of savings bank life insurance and
22 the president of the board of trustees in the absence or dis-
23 ability of the president. The trustees shall also elect a clerk,
24 who need not be a trustee. Each such officer shall hold office
25 for one year and until his successor is appointed.

26 Subject to the approval of the governor, the trustees shall
27 appoint, and may remove, a deputy commissioner of savings
28 bank life insurance, an insurance actuary to be called the state
29 actuary, and a physician to be called the state medical director.
30 The said deputy commissioner shall be the executive officer of
31 the trustees and as such officer shall administer the work of
32 the division in accordance with their instructions from time to
33 time. Under the administration, direction, and control of the
34 trustees, the state actuary shall exercise the powers and per-
35 form the duties assigned to him by chapter one hundred and
36 seventy-eight, and the state medical director shall exercise the
37 powers and perform the duties assigned to him by the said
38 chapter one hundred and seventy-eight. The trustees shall also
39 appoint from time to time, and may remove, such assistants to
40 the said officers and such clerks, other employees, and con-
41 sultants as the business of the division shall require.

42 No such officer or assistant to such officer shall acquire
43 tenure in his office or position by virtue of any provision of
44 law; nor shall any such officer, assistant to such officer, clerk,
45 or other employee be subject to chapter thirty-one, except
46 however that any such clerk or other employee who shall have
47 performed the duties of his position for at least one year may
48 be discharged from such position only in accordance with the
49 provisions of chapter thirty-one governing the discharge of any
50 person holding employment under permanent appointment in
51 the official service of the commonwealth.

52 The trustees shall determine the classification, specifications,
53 and salary range of every such office and position, the title
54 thereof except as provided above in this section, and the terms
55 of employment of any consultant; provided, however, that no
56 such salary shall be fixed at less than the minimum salary nor
57 more than the maximum salary in the general salary schedule
58 appearing for the time being in chapter thirty; and provided
59 further, that a copy of every such determination shall be filed
60 by the trustees with the governor, the commissioner of admin-
61 istration, the comptroller, and the joint committee on ways
62 and means and that notice of every personnel action taken by
63 the trustees shall be filed with the said commissioner and the
64 comptroller.

1 SECTION 3. Section 15 of chapter 178 of the General
2 Laws, as most recently amended by section 1 of chapter 285
3 of the acts of 1936, is hereby further amended by striking out,
4 in line 2, the word "eleven" and inserting in place thereof the
5 word: — ten.

1 SECTION 4. Section 16 of the said chapter 178, as most
2 recently amended by section 4 of chapter 260 of the acts of
3 1947, is hereby further amended by striking out, in line 2, the
4 word "twelve", and inserting in place thereof the word: — ten.

1 SECTION 5. The said chapter 178 is hereby further
2 amended by striking out section 17, as most recently amended
3 by section 1 of chapter 391 of the acts of 1939, and inserting
4 in place thereof the following section: —

5 *Section 17.* In each fiscal year, on or before the tenth day
6 of each month, the savings and insurance banks shall pay to
7 the trustees of the General Insurance Guaranty Fund, to be
8 applied by the said trustees to the maintenance of the division
9 of savings bank life insurance, a sum equal to one twelfth of
10 the total expenditures authorized for each year in the annual
11 budget and any supplement or supplements thereto which the
12 said trustees shall have adopted for the said division, including
13 an amount equal to the cost to the Commonwealth for pen-

14 sions or retirement allowance paid during the preceding month
15 to retired employees of said division or their survivors as
16 certified by the State Board of Retirement; provided, that the
17 division shall reimburse the Board each month for the amount
18 so certified. Such sum shall be apportioned by the said trustees
19 among the savings and insurance banks in proportion to their
20 premium income, or on such other basis as the trustees shall
21 deem equitable and proper, and the said banks shall be assessed
22 therefor in accordance with such apportionment; provided,
23 however, that during the ten-year period next following receipt
24 by a savings and insurance bank of a license to issue insurance
25 policies and annuity contracts the trustees may waive, in whole
26 or in part, the assessment for said expenditures for said bank.
27 The said trustees shall withdraw from interest income of the
28 General Insurance Guaranty Fund any sums so apportioned to
29 any bank which are exempt from assessment hereunder, and
30 shall apply such sums to the maintenance of the said division
31 in accordance with the said budget. Any sums paid hereunder
32 and remaining unexpended at the end of any fiscal year shall
33 be deducted from the sums otherwise required to be paid
34 hereunder during the next fiscal year.

1 SECTION 6. Every person who immediately prior to the
2 effective date of this act shall, by virtue of any provision of
3 law, have tenure in his office or position in the division of
4 savings bank life insurance shall, on and after such date, con-
5 tinue to have such tenure, and may enforce the same in
6 accordance with each law.

1 SECTION 7. This act shall take effect July 1, 1971; except,
2 however, that July 1, 1974 shall be the effective date of the
3 requirement of Section 2 that at all times the trustees of the
4 General Insurance Guaranty Fund shall include two, but not
5 more than two, persons each of whom, in addition to being a
6 trustee of a savings and insurance bank, is also a salaried officer
7 of such bank engaged in full-time service to the bank.