

By Mr. Dever of Arlington, petition of Edward J. Dever, Jr., relative to insurance policies of savings and insurance banks. Insurance.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO INSURANCE POLICIES OF SAVINGS AND INSURANCE BANKS.

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 10 of chapter 178 of the General Laws
2 is hereby amended by striking out section 10 as most recently
3 amended by chapter 117 of the acts of 1958 and inserting in
4 place thereof the following section: —

5 *Section 10.* No savings and insurance bank shall write any
6 policy or annuity contract binding it to pay more than ten
7 thousand dollars, exclusive of dividends or profits, and double
8 indemnity benefits upon the death of any one person, except
9 under such agreement as it may make to pay an amount equal
10 to a cash surrender value which may exceed ten thousand
11 dollars and except under such agreement as it may make that
12 upon the death of the payor of the premiums under any policy
13 issued by the bank on the life of a minor or on the life of a
14 husband, wife or child of such payor, it will make such policy
15 paid up or waive certain or all future premiums thereunder,
16 and except for such amount, if any, as it may be bound to pay
17 upon the death of such person under an employee's group
18 policy, or under an annuity contract embodying an agreement
19 to refund, upon the death of the holder, to his estate or to a
20 specified payee, a sum not exceeding the premiums paid
21 thereon with compound interest, nor shall it write any annuity
22 contract otherwise binding it to pay in any one year more than
23 twelve thousand dollars, exclusive of dividends or profits.

1 SECTION 2. Chapter 178 of the General Laws is hereby
2 amended by inserting after Section 13, the following new
3 section 13A: —

4 *Section 13A.* 1. On or after January first, nineteen hundred
5 and seventy-five, any person employed by any savings and
6 insurance bank or by any agency established in accordance
7 with section 13 who as part of his duties negotiates for appli-
8 cations or orders for life insurance or annuity contracts or
9 solicits or procures from the public applications or orders shall
10 be required to be certified as to his competency and trust-
11 worthiness by the Commissioner of Insurance and the Trustees
12 of the General Insurance Guaranty Fund before engaging in
13 such activities.

14 2. Before any such certification shall be made there shall be
15 on file at the Division of Insurance and the Division of Savings
16 Bank Life Insurance the following documents: —

17 (a) A written application by the person to be certified in
18 such form or forms and containing such information as the
19 Commissioner and the Trustees of the General Insurance
20 Guaranty Fund may prescribe, and

21 (b) A statement by the savings and insurance bank or
22 agency that the person named is trustworthy and competent to
23 negotiate for applications or orders for life insurance or
24 annuity contracts and to solicit and procure from the public
25 such applications or orders. Such statements shall be executed
26 by an officer of the savings and insurance bank or agency.

27 3. The Commissioner of Insurance and the Trustees of the
28 General Insurance Guaranty Fund shall, in order to determine
29 the trustworthiness and competency of the applicant, require
30 such individual to pass to their satisfaction an examination
31 equivalent to the examinations given to persons applying for
32 life insurance agents' licenses under Section 163 of Chapter
33 175. Such examinations shall be held at such times and places
34 as the Commissioner and the Trustees of the General Insurance
35 Guaranty Fund shall from time to time determine. Every in-
36 dividual taking such written examination shall pay an ex-
37 amination fee of \$2.00. The Commissioner of Insurance and
38 the Trustees of the General Insurance Guaranty Fund may
39 accept in lieu of any such examination the results of any

40 previous written examination given by them, which, in their
41 judgment is equivalent to the examination for which it is
42 substituted.

43 4. Either the Commissioner of Insurance or the Trustees of
44 the General Insurance Guaranty Fund may refuse to certify
45 any person if, in their judgment, such person is not trust-
46 worthy and competent or has failed to comply with any
47 prerequisite for the issuance of any such certificate.

48 5. The Commissioner of Insurance and the Trustees of the
49 General Insurance Guaranty Fund shall issue to the savings and
50 insurance bank or agency a certificate with respect to each
51 such applicant who has complied with the requirements of this
52 section.

53 6. Any certificate issued hereunder shall remain in effect
54 during the time for which the savings and insurance bank or
55 agency employing such person is authorized under this Chapter
56 to conduct the business of life insurance in this Common-
57 wealth, unless sooner revoked or suspended pursuant to the
58 provisions of subsection 7(a) or sooner terminated by the
59 savings and insurance bank or agency pursuant to the pro-
60 visions of subsection 9.

61 If either the Commissioner of Insurance or the Trustees of
62 the General Insurance Guaranty Fund deem it necessary they
63 may require any person so certified to submit a new ap-
64 plication at any time.

65 7. (a) Either the Commissioner of Insurance or the Trustees
66 of the General Insurance Guaranty Fund may for cause shown
67 and after a hearing revoke or suspend for such period as they
68 may determine any certificate issued under this section.

69 (b) Notice of the hearing specified herein shall be given to
70 the employer named in such certificate before revoking or
71 suspending any certificate.

72 8. On or after January first, nineteen hundred and seventy-
73 five, it shall be unlawful for any person employed by any
74 savings and insurance bank or by any agency as part of his
75 duties to negotiate for applications or orders for life insurance
76 or annuity contracts or to solicit or procure from the public
77 such applications or orders without having been certified as
78 competent and trustworthy by the Commissioner of Insurance

79 and Trustess of the General Insurance Guaranty Fund. On or
80 after such date it shall be unlawful for any savings and in-
81 surance bank or any agency to employ any uncertified person
82 as part of his duties to negotiate for applications or orders for
83 life insurance or annuity contracts or to solicit or procure from
84 the public such applications or orders.

85 9. Every savings and insurance bank or agency upon
86 termination of services of any person certified under this
87 section shall forthwith file with the Commissioner of Insurance
88 and the Trustees of the General Insurance Guaranty Fund a
89 statement in such form as they may prescribe of the facts
90 relative to such termination and the cause thereof. The certifi-
91 cate issued with respect to such person shall accompany the
92 notice of termination to the Trustees of the General Insurance
93 Guaranty Fund.

94 10. The Commissioner of Insurance and the Trustees of the
95 General Insurance Guaranty Fund are authorized to transfer
96 certification of qualification of any person certified under this
97 section from one savings and insurance bank or agency to
98 another savings and insurance bank or agency without ex-
99 amination.

100 11. The provisions of this section shall not apply to any
101 officer of any savings and insurance bank or agency.