

HOUSE No. 1633

Mr. Abbott of Haverhill gives notice that he will move to substitute this bill for the Senate Bill relative to the reserve to be carried on life insurance policies (Senate, No. 441, amended).

The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Nineteen.

AN ACT

Relative to the Reserve to be carried on Life Insurance Policies.

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 eleven of chapter five hundred
2 and seventy-six of the acts of nineteen hundred and
3 seven and acts in amendment thereof is hereby amended
4 by striking out the period at the end of clause "Second",
5 and inserting in place thereof a semicolon and the
6 words:— *provided*, that on policies issued on and after
7 the first day of June, nineteen hundred and nineteen,
8 the commissioner, upon request of a company authorized
9 to make insurance on lives in this commonwealth, shall
10 allow upon all policies with a net level premium equal to
11 or greater than the ordinary life net level premium,

12 temporary credits from the full net value as required by
13 this section as follows: For the first policy year the
14 full level premium ordinary life terminal reserve for that
15 year; for the second year eight ninths of said reserve;
16 for the third year seven ninths of said reserve; for the
17 fourth year six ninths of said reserve; for the fifth year
18 five ninths of said reserve; for the sixth year four ninths
19 of said reserve; for the seventh year three ninths of
20 said reserve; for the eighth year two ninths of said
21 reserve; for the ninth year one ninth of said reserve.
22 All such credits to be restored to the reserve and the
23 net value thereof computed in full for the tenth and
24 succeeding years.

1 SECTION 2. Section eighty of chapter five hundred
2 and seventy-six of the acts of nineteen hundred and
3 seven is hereby amended by striking out the period in
4 the thirty-first line, after the word "thereby", and insert-
5 ing in place thereof a semicolon and the words:—*pro-*
6 *vided*, that in addition to the surrender charge and
7 deduction of existing policy indebtedness, companies
8 accepting the credits allowed by the proviso to section
9 eleven of this chapter may have a further deduction of
10 such credits from the cash value as otherwise prescribed
11 herein.

1 SECTION 3. On and after the first day of June, nine-
2 teen hundred and nineteen, any domestic company that
3 reinsures the business of any company domiciled in any
4 other state, may have the reserve liability on policies so
5 reinsured and issued prior to the date of such reinsurance,
6 computed on any basis of valuation not lower than that
7 required by the modified preliminary term method on the
8 American Experience Table of Mortality with interest

9 at three and one half per cent per annum and prescribed
10 as follows:

11 If the premium charged for term insurance under a
12 limited payment life preliminary term policy providing
13 for the payment of all premiums thereon in less than
14 twenty years from the date of the policy, or under an
15 endowment preliminary term policy, exceeds that charged
16 for like insurance under twenty-payment life preliminary
17 term policies of the same company, the reserve thereon
18 at the end of any year, including the first, shall not be
19 less than the reserve on a twenty-payment life pre-
20 liminary term policy issued in the same year and at the
21 same age, together with an amount which shall be
22 equivalent to the accumulation of a net level premium
23 sufficient to provide for a pure endowment at the end
24 of the premium-payment period, equal to the difference
25 between the value at the end of such period of such a
26 twenty-payment life preliminary term policy and the full
27 net level reserve at such time of such a limited payment
28 life or endowment policy.

29 The premium-payment period is the period during
30 which premiums are concurrently payable.

1 SECTION 4. Foreign life insurance companies having,
2 in the case of stock companies, capital of five hundred
3 thousand dollars and unassigned surplus of two hundred
4 and fifty thousand dollars, and in the case of mutual
5 companies, unassigned surplus of seven hundred and
6 fifty thousand dollars, with reserve equal to that which
7 is set forth in section one, and which comply with all
8 other conditions of admission applicable to such com-
9 panies, may be admitted to transact the business of life
10 insurance in this commonwealth.

