

SENATE....No. 38.

Commonwealth of Massachusetts.

IN SENATE Feb. 9, 1835.

Ordered, That the Committee on the Judiciary consider the expediency of providing by a general statute for the regulation of all Mutual Fire Insurance Companies which may be hereafter incorporated, or whose charters may be renewed.

(Attest)

CHAS. CALHOUN, *Clerk.*

Commonwealth of Massachusetts.

IN SENATE, Feb. 28, 1835.

The Committee on the Judiciary to whom was referred an order of the Senate to enquire into the expediency of a general law regulating Mutual Insurance Companies, have considered the same, and respectfully report the accompanying Bill.

Per order,

GEO. BLISS.

Commonwealth of Massachusetts.

In the Year of our Lord One Thousand Eight Hundred
and Thirty-Five.

AN ACT

To regulate Mutual Fire Insurance Companies

1 SEC. 1. **BE** *it enacted by the Senate and House*
2 *of Representatives, in General Court assembled, and*
3 *by the authority of the same,* That, all Mutual Fire
4 Insurance Companies, which shall hereafter be in-
5 corporated, or whose charters shall be extended,
6 shall be governed by the provisions of this act.

1 SEC. 2. *Be it further enacted,* That the said Insu-
2 rance Companies shall be entitled to all the powers
3 and privileges contained in the statute of the year
4 one thousand eight hundred and thirty-three, chapter
5 eighty-three.

1 SEC. 3. *Be it further enacted,* That every such
2 corporation shall annually elect not less than five di-
3 rectors, who at the time of their election shall be cit-
4 izens of the Commonwealth, and after the first elec-
5 tion, members of the corporation, and who shall

6 manage and conduct all the affairs and business of the
7 corporation; and all elections shall be by ballot,
8 and in the manner provided by the by-laws, and ab-
9 sent members may vote by proxy. *Provided*, That
10 no one member shall be allowed more than five
11 votes.

1 SEC. 4. *Be it further enacted*, That the Directors
2 shall meet as soon as may be after their election,
3 and choose one of their number to be President, and
4 they shall also choose a Secretary and Treasurer.
5 The Secretary shall be sworn to the faithful dis-
6 charge of his duty, and he shall keep a true record
7 of all votes of the Corporation and of the Directors,
8 and of all Policies, and of all assignments of such Pol-
9 icies, consented to and paid by the Corporation,
10 and the record of said Policies and assignments
11 shall be open to the inspection of any person interest-
12 ed therein, all officers shall hold their offices until
13 others are chosen, and all vacancies may be filled by
14 a special election in the manner prescribed for an-
15 nual elections.

1 SEC. 5. *Be it further enacted*, That when the
2 sum of fifty thousand dollars shall be subscribed, to
3 be insured by any such corporation, they may insure
4 for a term not exceeding seven years, upon any
5 building within this Commonwealth, any amount not
6 exceeding three fourths of the value thereof. And
7 all policies of insurance by them made, shall be sub-
8 scribed by the President, or in case of his death, in-
9 ability or absence, by any two of the directors, and
10 countersigned by the secretary, and shall be binding
11 upon the corporation, and have the same effect as if
12 under their corporate seal.

1 SEC. 6. *Be it further enacted,* That every person
2 who shall be insured by said Corporation shall be a
3 member thereof so long as he shall be thus insured.

1 SEC. 7. *Be it further enacted,* That the funds of
2 every such corporation shall be invested in stocks, or
3 loaned on security, as the directors may order; and
4 shall be appropriated first to pay their expenses, and
5 then to pay the damages which any member may be
6 entitled to recover on his policy. And if any mem-
7 ber shall have a just claim upon said corporation, ex-
8 ceeding the amount of their then existing funds, ex-
9 clusive of deposit notes given by the members, the
10 directors shall forthwith assess such sum as may be
11 necessary to pay the same, upon the members, in
12 proportion to the amount of their premiums and de-
13 posites severally for seven years, but not to exceed
14 double the amount of such premiums and deposits.

1 SEC. 8. *Be it further enacted,* That whenever
2 sufficient goods or estate of any such corporation can-
3 not be formed, to satisfy any execution issued against
4 them, founded upon a judgment on any policy issued
5 by them, and the said Corporation have sufficient
6 goods or estate to satisfy the same, and the directors
7 shall neglect or refuse to pay the said execution, or
8 if the directors shall refuse or neglect for thirty days
9 after the rendition of such judgment to make such an
10 assessment as they may be authorized to make there-
11 for, and to deliver the same to the Treasurer, and
12 direct him to collect the same; or if when the said
13 assessment is collected the directors shall refuse or
14 neglect to apply the same upon said execution, then
15 and in either case the said execution may be levied
16 upon the private property of any one or more of the

17 directors. And any director whose property may be
18 so taken, or who may pay the said execution or any
19 part thereof, may have his action against the corpo-
20 ration to recover full and adequate damages there-
21 for.

1 SEC. 9. *Be it further enacted,* That each policy
2 issued by any such corporation, shall of itself and
3 without any other ceremony, create a lien on the
4 interest of the person insured, in any building there-
5 by insured, and in the land under the same, for the
6 security and payment of any sums for which he may
7 be liable to be assessed, in consequence of taking or
8 holding said policy. *Provided,* The extent of such
9 liability, and the intent of the corporation to rely up-
10 on such lien, shall be set forth in the policy; and
11 that such lien shall cease upon the expiration of the
12 policy, or upon the alienation of the estate to a *bona*
13 *fide* purchaser, unless the policy shall be continued
14 in force by consent of the purchaser, notwithstand-
15 ing such alienation. And if it shall become neces-
16 sary to resort to such lien for the payment of any de-
17 posite note or any assessment secured by such lien,
18 the treasurer shall demand payment thereof from the
19 assured or his legal representatives, and also from
20 any tenant in possession of the insured premises, set-
21 ting forth in writing the sum so due; and in case the
22 same is not paid, the corporation may maintain an
23 action therefor, and may levy any execution issued in
24 such action upon the estate subject to the lien, and
25 the officer making the levy may sell the whole or any
26 part thereof, at auction, and shall apply the pro-
27 ceeds of such sale, in the same manner as is required
28 by law, in the sale upon execution of equities of re-

29 demption of mortgaged premises; and the owner
30 shall have the same right to redeem the same, as is
31 provided in case of such sales of equities of redemp-
32 tion.

1 SEC. 10. *Be it further enacted,* That each mem-
2 ber of any such corporation shall at the expiration of
3 his policy, have a right to demand and receive from
4 them his share of the funds then remaining after pay-
5 ing all expenses and losses then incurred, in propor-
6 tion to the sum or sums by him actually paid in con-
7 sequence of said policy.

1 SEC. 11. *Be it further enacted,* That all such
2 corporations shall be liable to be taxed by any general
3 law taxing similar institutions; and the directors
4 thereof shall, when required by the Legislature, lay
5 before them, or any committee appointed by them,
6 a statement of their affairs and business, and submit
7 to an examination, concerning the same, under
8 oath.

