

Chap. 142 AN ACT TO INCORPORATE THE MASSACHUSETTS FAMILY BANK.*Be it enacted, &c., as follows:*

Corporators.

SECTION 1. Elizur Wright, William Claffin, F. W. Bird, Samuel E. Sewall, John Botume, Jr., Thomas J. Lee, their associates and successors, are hereby made a corporation by the name of the Massachusetts Family Bank, to be located in the city of Boston, for the purposes of insuring lives under policies stipulating cash surrender values, and of receiving and investing savings, subject to all the duties, restrictions and liabilities set forth in all general laws which now are or may hereafter be in force in relation to life insurance companies, so far as relates to its life insurance business, including the election of officers; and to savings banks, so far as relates to its business as a savings bank, except as hereinafter specially provided.

Name and purpose.

Capital stock and shares.

SECTION 2. There shall be a capital stock of five hundred thousand dollars, in shares of fifty dollars each, which shall be restricted to a semi-annual dividend, never to exceed four per cent. No life-insurance policy shall be issued, nor any deposit received, till the whole of said capital stock has been subscribed, paid in and invested, and such fact is certified by the insurance commissioner.

All transactions to be upon a gold basis.

SECTION 3. All transactions of the bank shall be, and in all contracts, policies, other instruments and accounts shall be expressed to be, in the gold coins of the United States, and no paper or promissory currency shall be received or paid, except at its market value in such coins at the date of such receipt or payment.

Investments and loans.

SECTION 4. All investments shall be regulated by the general statute in regard to savings banks, with this additional provision: that in so far as loans can be made on the security of real estate, applicants for loans whose lives are insured by the bank, if offering equally satisfactory security, shall have preference over all others.

Bank may establish branch offices.

SECTION 5. The bank may establish branch offices to facilitate the collection and transmission of insurance premiums, the expense of which branch offices shall in no case exceed two and one-half per cent. of the premium received and transmitted by them, but it shall pay no commissions on premiums or deposits, nor any fee for the medical examination of applicants for insurance.

Policies of life insurance.

SECTION 6. The bank shall issue no policy of insurance extending beyond the age of seventy-five, and none which does not have the surrender value in cash at the end

of each and every policy year distinctly stipulated therein and the minimum surrender value to be stipulated in every policy by the bank, payable at the end of any policy year in its term, shall be the legal reserve or net value of the policy at the date of surrender, as ascertained by the combined experience table of mortality, and four per cent. interest, less a surrender charge of six per cent. of the present value of the future insurance to be done under the policy, if continued, and in consideration of such stipulation, and the payment, in all cases of lapse, surrender or cancellation, of such surrender value in cash, the bank shall be wholly exempt from the obligations imposed by chapter one hundred and eighty-six of the acts of the year eighteen hundred and sixty-one.

SECTION 7. Payments of premiums on insurance policies shall only be made yearly, for one year and no more, and the three elements of the premium for each year, viz. : first, the margin for expenses and excess of loss ; second, the normal cost of the bank's risk for the year ; and third, the self-insurance deposit, shall be kept distinct from each other on the books of the bank, being pre-calculated and determined by the "combined experience" or "actuaries'" table of mortality with interest at four per cent. ; and in consideration of this method of keeping its accounts, the bank shall be required to return annually to the insurance commissioner, as its liability on its policies, one-half of the insurance premiums of the year, being margins and normal cost of risks, together with the whole of the self-insurance fund and deposits of the year, discounted half a year at four per centum, and such return, subject to the inspection of the books by the insurance commissioner, shall be in lieu of the return of the data of the policies for valuation by the commissioner.

Payments of
premiums.

SECTION 8. All deposits made independently of life-insurance policies shall be entered in a special and separate set of books and credited on the pass-books of the depositors, as in ordinary savings banks, and no such deposit shall ever be used in the life-insurance part of the business, except to pay a premium falling due on a policy held by the depositor himself.

Deposits.

SECTION 9. All surrender charges paid to or retained by the bank on the cancellation of policies, none of which shall exceed six per cent. of the insurance value of the policy at the date of surrender, shall be credited to a dis-

Surrender
charge fund to
be established.

tinct fund, called the surrender charge fund, which shall accumulate at the current interest, and be held in addition to the legal four per cent. reserve, and not as any part thereof, and shall be drawn upon only at the end of a fiscal year in which the actual death claims have exceeded the normal, and only to the extent of such excess.

No stockholder to cast more than thirty votes.

SECTION 10. The control of the corporation shall be vested in the stockholders, each share of the stock being entitled to one vote, but no person, either in person or by proxy shall cast more than thirty votes.

Dividends.

SECTION 11. At the end of every fiscal year, after providing for all debts and liabilities, including those on the policies, as hereinbefore defined, and all independent deposits, with the interest accrued on the same, there shall be declared out of any surplus that may exist, a dividend to the capital stock not to exceed eight per cent. thereon, one-half payable down and the other half at the end of six months. But any profit to the capital stock over the profit of its own investment, shall come wholly from the insurance done by the bank, and no part of it from the interest of the self-insurance fund, or from that of the independent deposits.

Surplus earnings and interest to be distributed among policy-holders.

SECTION 12. After declaring the dividend to the stock, any remaining surplus from the insurance business, together with the surplus interest from the self-insurance fund, shall be distributed among the policy-holders according as their insurance premiums and self-insurance deposits have contributed to produce it, and the shares shall be payable at the next settlement of annual premium in reduction thereof. On the independent deposits, depositors shall receive interest, to be fixed by the by-laws of the bank, as in ordinary savings banks.

Subject to provisions of 1865, 283, and 1868, 315.

SECTION 13. Said corporation shall be subject, as an insurance company, to the provisions of chapter two hundred and eighty-three of the acts of the year eighteen hundred and sixty-five, and the acts in amendment thereof, and in addition thereto; and shall also be subject, as a savings bank, to the provisions of chapter three hundred and fifteen of the acts of the year eighteen hundred and sixty-eight.

Approved April 17, 1876.