

SENATE No. 602

The Commonwealth of Massachusetts

SENATE, February 19, 1958.

The committee on Bills in the Third Reading to which was referred the House bill relative to the increase in capital of insurance companies (House, No. 925, changed), reports recommending that the same be amended by substituting therefor a new draft entitled "An Act relative to the increase in the amount and number of shares of capital stock of insurance companies and the sale thereof" (Senate, No. 602), and that, when so amended, the same will be correctly drawn.

For the committee,

CHARLES E. FERGUSON.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Fifty-Eight.

AN ACT RELATIVE TO THE INCREASE IN THE AMOUNT AND NUMBER OF SHARES OF CAPITAL STOCK OF INSURANCE COMPANIES AND THE SALE THEREOF.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 175 of the General Laws is hereby amended by strik-
2 ing out section 70, as most recently amended by section 13 of
3 chapter 698 of the acts of 1957, and inserting in place thereof
4 the following section:— *Section 70.* Such company may issue
5 pro rata to its stockholders certificates of any portion of its
6 actual net surplus it may decide to divide, which shall be deemed
7 to be an increase of its capital to the amount of such certificates,
8 or such company may, at a meeting called therefor, vote to in-
9 crease the amount and number of shares of its capital stock, and
10 to issue certificates thereof when paid in full. If a company
11 shall vote to increase its capital in the second of the two ways
12 set forth in the preceding sentence, the increase in the amount
13 and number of shares of capital stock may, at the discretion
14 of the directors, be disposed of for cash, property, services or
15 expenses in whole or in part without being offered to the stock-
16 holders. In the event the directors decide that the new issue,
17 or a part of it, is to be offered to the stockholders, the directors
18 shall fix the price per share, in respect of shares with par value
19 at not less than par, and in respect of shares without par value
20 at not less than its stated portion of authorized capital, at which,
21 and the time, not less than thirty days after the date of such
22 vote to increase, within which the new stock may be taken by
23 the stockholders, and the directors shall forthwith give written
24 notice to each stockholder who was such at the time of the vote
25 to increase, stating the amount of the increase, the number of
26 shares or fractions of shares of new stock that such stockholder

27 is entitled to take, the price at which and the time within which
28 such new stock may be taken; within said time each stock-
29 holder may take, at the price fixed as aforesaid, his proportion
30 of such new shares at the date of such vote to increase; provided,
31 that if at the expiration of such time any shares remain untaken,
32 the directors may sell the same for the benefit of the corporation
33 in such manner and for such price, not less than the price fixed
34 as aforesaid, as they may determine. In whichever mode the
35 increase is made, the company shall, within thirty days after the
36 issue of such certificates, submit to the commissioner a certificate
37 setting forth the proceedings thereof and the amount of such
38 increase, signed and sworn to by its president and secretary
39 and a majority of its directors. If the commissioner finds that
40 the increase is made in conformity to law, he shall endorse his
41 approval thereon; and upon filing such certificate so endorsed
42 with the state secretary and the payment of a fee of one twentieth
43 of one per cent of the amount by which the capital is increased
44 but not less than twenty-five dollars for filing the same, the
45 company may transact business upon the capital as increased,
46 and the commissioner shall, upon payment of the fee prescribed
47 by section fourteen, issue his certificate to that effect.

27 wanted to take the price at which the firm would like
 28 each new stock to be issued; within each such
 29 dollar range, the firm would like to issue the
 30 of new shares at the end of each year in order to
 31 that if the number of new shares issued is
 32 the dollar range will be the same for the firm's
 33 in each dollar range, the firm would like to issue
 34 as many new shares as possible. In other words, the
 35 firm would like to issue as many new shares as possible
 36 in each dollar range, and the firm would like to issue
 37 as many new shares as possible in each dollar range.

38 The firm would like to issue as many new shares as possible
 39 in each dollar range, and the firm would like to issue
 40 as many new shares as possible in each dollar range.

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