

HOUSE No. 370

Bill accompanying the recommendations of the Insurance Commissioner. Insurance. January 10.

The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Nineteen.

AN ACT

To Require Insurance Brokers to Furnish Surety Bonds.

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. Every person to whom a license or a
2 renewal of a license as an insurance broker is hereafter
3 granted shall within five days from the date of the
4 license or renewal file with the insurance commissioner a
5 bond in the penal sum of five hundred dollars payable to
6 the insurance commissioner or his successors in office
7 with such sureties as the insurance commissioner may
8 approve. The sureties shall each sign and make oath
9 to a certificate as is required of sureties on recognizances
10 in criminal cases by section fifty-nine of chapter two
11 hundred and seventeen of the Revised Laws. The bond
12 shall be in such form as the insurance commissioner may
13 prescribe which form he shall furnish and shall be con-

14 ditioned upon: (1) A compliance by the licensee with
15 the provisions of chapter five hundred and seventy-six
16 of the acts of the year nineteen hundred and seven and
17 acts in addition thereto and in amendment thereof
18 regulating insurance; (2) Payment by the licensee of all
19 fines and penalties imposed upon him for violation of the
20 insurance laws; (3) Payment or satisfaction by the
21 licensee within thirty days from the rendition thereof
22 of any final judgment obtained against him in behalf of
23 any creditor who presents a claim which arises in con-
24 nection with the transactions of the licensee as an
25 insurance broker, and who, before the expiration of one
26 year after the date of the termination of said license from
27 any cause, shall have given due notice in writing of his
28 claim to the insurance commissioner. The bond may in
29 the discretion of the commissioner upon the renewal of a
30 license be renewed by a renewal certificate and may be
31 put in suit by any person who has given the written
32 notice within the time specified and who holds judgment
33 remaining unsatisfied after thirty days from its date
34 against the licensee based on a claim arising in connec-
35 tion with the transactions of the licensee as an insurance
36 broker, or by any clerk of court in which, or by any
37 trial justice before whom, any fine or penalty for viola-
38 tion of any law relating to insurance was imposed. The
39 commissioner shall revoke the license at the expiration
40 of five days from its date if said bond is not filed and
41 approved, or unless in the said period the licensee makes
42 a cash deposit as hereinafter provided.

1 SECTION 2. The licensee may, in lieu of a bond make
2 a cash deposit of five hundred dollars with the insurance
3 commissioner who shall give him a certificate thereof
4 stating the conditions of the deposit which shall be the

5 same as those of the bond. Said deposit shall be subject
6 to attachment and execution in behalf of creditors of the
7 licensee whose claims arise in connection with the trans-
8 actions of the licensee as an insurance broker, and who
9 have given the written notice specified in section one,
10 and the insurance commissioner may be held to answer
11 as trustee, under the trustee process, in any civil action
12 brought against the licensee and shall pay over upon
13 order of court, or upon execution such amount of money
14 as he may be chargeable upon his answer. The insurance
15 commissioner shall retain the deposit until all judgments
16 based on claims of which due notice in writing has been
17 given are satisfied, and after paying all such judgments
18 and all fines and penalties imposed upon the licensee for
19 violation of any law relating to insurance, which shall be
20 paid forthwith upon receipt of notice of the imposition
21 thereof from the clerk of the court in which, or the trial
22 justice by whom, the fine or penalty was imposed, he shall
23 return the balance, if any, to the depositor. No payment
24 of any part of said deposit shall be made to a depositor
25 unless so much thereof is retained as is required to dis-
26 charge all claims due of which notice has been received
27 and which remain undecided or unpaid, nor prior to the
28 expiration of one year from the termination of the license
29 from any cause.

