
By Mr. Mooney of Nantucket, petition of Robert F. Mooney for legislation to provide for the mutualization of domestic stock insurance companies. Insurance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Sixty.

AN ACT PROVIDING FOR THE MUTUALIZATION OF DOMESTIC STOCK INSURANCE COMPANIES.

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 inserting after section 19C, the following new section:—

2 *Section 19D. Mutualization of Domestic Stock Insurance*
3 *Companies.*— Any domestic stock life insurance company or
4 any domestic stock insurance company transacting business
5 solely under subdivisions (a) and (d) of clause sixth of section
6 forty-seven, may become a mutual insurance company, and to
7 that end may formulate and carry out a plan for the acquisition
8 by it of its outstanding capital stock, as follows:—

9 (1) Such plan shall have been adopted by a vote of a majority
10 of the directors of such company;

11 (2) Such plan shall have been submitted to the commissioner
12 and shall have been approved by him as conforming to the requirements
13 of this chapter and as not prejudicial to the policyholders
14 of such company or to the insuring public;

15 (3) Such plan shall have been approved by a vote of the
16 stockholders of such company owning at least two thirds of the
17 outstanding capital stock of such company, at a special meeting
18 of the stockholders called for that purpose;

19 (4) Such plan shall have been approved by the vote of a majority
20 of the policyholders of such company who are eligible to
21 vote and who do vote at a meeting called for that purpose. A
22 policyholder may vote in person, by proxy or by mail, and his
23

24 eligibility shall be determined by the provisions of section
25 ninety-four as if he were a mutual policyholder. Notice of the
26 meeting shall be given by mailing such notice from the home
27 office of the company at least thirty days prior to such meeting
28 in a sealed envelope, postage prepaid, addressed to each policy-
29 holder eligible to vote at his last known post-office address.
30 The meeting shall be conducted in such manner as may be
31 provided for in the plan with the approval of the commissioner.
32 The commissioner shall supervise and direct the methods and
33 procedure of said meeting and shall appoint an adequate num-
34 ber of inspectors to conduct the voting at said meeting, who
35 shall have power to determine all questions concerning the
36 verification of the ballots, the ascertaining of the validity
37 thereof, the qualifications of the voters and the canvass of the
38 vote. Such inspectors, or any one thereof designated by the
39 commissioner, shall certify to the commissioner and to such
40 company the result of such vote, and with respect thereto shall
41 act under such rules as shall be prescribed by the commissioner.
42 All necessary expenses for such meeting incurred by the com-
43 missioner or incurred with his approval by the inspectors ap-
44 pointed by him shall be paid by such company upon the cer-
45 tificate of the commissioner;

46 (5) Such plan shall specify the method of acquisition and
47 mode of payment for shares of its capital stock, whether im-
48 mediate or deferred, and may specify the purchase price to be
49 paid for such shares in which case the price specified shall be
50 adhered to, except as otherwise provided in paragraph (7). If
51 such plan does not specify the price to be paid for such shares
52 such company shall first obtain the approval of the commis-
53 sioner for every payment made for the acquisition of any shares
54 of its capital stock. Neither such plan nor any such payment
55 shall be approved by the commissioner unless he shall find that
56 at the time of such approvals, respectively, the company, after
57 deducting the aggregate sum appropriated by such plan for the
58 acquisition of any part or all of its capital stock and, after
59 deducting any payment not fixed by such plan and subject to
60 separate approval by the commissioner, shall be possessed of
61 admitted assets in an amount not less than the entire liabilities
62 of the company, including the net values of its outstanding con-
63 tracts computed in accordance with the provisions of this chap-
64 ter, and including all funds, contingent reserves and surplus,

65 except for such surplus as has been appropriated or paid under
66 such plan;

67 (6) In pursuance of such plan such company shall have power
68 and shall be privileged to acquire any shares of its capital
69 stock by gift, bequest or purchase. Until all of the shares of
70 its outstanding capital stock are acquired, any shares so
71 acquired shall be held in trust for all the policyholders of such
72 company, as hereinafter provided, and shall be assigned and
73 transferred on the books of the company to not less than three
74 and not more than five trustees, who shall be qualified directors
75 of the company and shall be named in such plan. Such trustees
76 shall continue in office until the purpose of the trust is accom-
77 plished or abandoned unless they cease to be directors or are
78 removed for cause by the commissioner. The plan for mutuali-
79 zation shall provide for the method of filling vacancies occurring
80 among such trustees, and any trustee named, before under-
81 taking any duties of his appointment, shall file with the com-
82 missioner a verified acceptance of his appointment. All shares
83 held by such trustees shall be deemed admitted assets of such
84 company at their par value. Such trustees shall have power to
85 vote any shares so acquired at all corporate meetings at which
86 stockholders have the right to vote, until all of the outstanding
87 capital stock of such company shall have been acquired, or
88 until the maximum period provided in accordance with para-
89 graph (8) shall have expired, whichever is earlier, at which
90 time the entire capital stock of such company shall be retired
91 and cancelled and thereupon such company shall be and be-
92 come a mutual insurance company without capital stock. All
93 dividends and other sums received by such trustees on the
94 shares of stock so acquired by them, shall, after paying the
95 necessary expenses of executing the trust, be immediately re-
96 paid to the company for the benefit of all who are or may be-
97 come policyholders of such company and entitled to participate
98 in the profits thereof, and shall be added to and become a part
99 of the surplus earned by such company;

100 (7) If a stockholder of the company shall file with such com-
101 pany prior to or at the meeting of stockholders at which the
102 plan of mutualization is submitted to a vote a written objec-
103 tion to such plan and shall not vote in favor thereof, such stock-
104 holder may, within thirty days after such plan is approved by
105 said meeting, make a written demand on the company for pay-

106 ment of the fair cash value of his shares as of the day prior to
107 the date on which such plan was approved by the stockholders,
108 excluding from said fair cash value any appreciation or depre-
109 ciation in consequence of such mutualization. If the company
110 and the stockholders cannot agree upon the value of the stock
111 on such date within a period of sixty days from the date of the
112 stockholder's demand, such value shall be ascertained by ap-
113 praisers appointed and acting in the same manner as provided
114 in section forty-six of chapter one hundred and fifty-six. Upon
115 payment by the company to the stockholder of the agreed or
116 awarded price of his stock, the stockholder shall forthwith
117 transfer and assign the stock certificates held by him to the
118 trustees provided for in paragraph (6). Any stockholder who
119 fails to make such objection or having objected fails to make
120 demand within the thirty-day period shall be conclusively
121 presumed to have consented to the terms of said plan. No
122 demand for payment of such fair cash value may be withdrawn
123 by the stockholder making the demand unless the company, by
124 its board of directors, consents to such withdrawal;

125 (8) The plan shall specify a maximum period following ap-
126 proval of such plan by the policyholders as above provided,
127 within which all stockholders of the company shall surrender
128 their stock for cancellation pursuant to the plan, and upon
129 any stockholder's failing or neglecting to so surrender his stock
130 within such period, all of his rights, powers and privileges as
131 such stockholder shall nevertheless terminate and be extin-
132 guished, excepting only his right to receive payment for his
133 stock as provided in such plan, or in accordance with the
134 provisions of paragraph (7) of this section;

135 (9) The company may abandon the mutualization plan at
136 any time before the vote of the policyholders approving such
137 plan by a majority vote of the directors and of the stockholders.
138 Upon such abandonment, the rights of any stockholders to be
139 paid for their stock in accordance with the plan, and the rights
140 of any dissenting stockholders to be paid the fair cash value of
141 their stock as provided in paragraph (7) shall terminate, and the
142 company shall continue to conduct its business as a domestic
143 stock insurance company as though no plan of mutualization
144 had ever been adopted;

145 (10) Any action or refusal to act by the commissioner under
146 this section shall be subject to judicial review;

147 (11) Neither the retirement of the company's capital stock
148 nor the amendment of its articles of incorporation shall affect
149 existing suits, rights or contracts of such company. When the
150 capital stock of such company has been retired and cancelled
151 as above set out and the company has become a mutual com-
152 pany, the officers and directors of the original company shall
153 remain as the officers and directors of the newly converted
154 company in accordance with the terms of the by-laws covering
155 their then terms of office.

The first thing I noticed when I stepped out of the train was the cold. It was a sharp contrast to the warm, humid air of the South. I had heard that the weather in the North was harsh, but I didn't realize just how cold it would be. The wind was biting, and the snow was falling in soft, silent drifts. I wrapped my coat around myself and tried to keep my hands warm. The people around me were bundled up in heavy coats and hats, some with scarves and gloves. I felt like an outsider in this strange land.

I had heard that the North was a land of opportunity, a place where hard work could lead to a better life. But now, standing in the middle of a winter storm, I wasn't sure. The snow was falling faster now, and the wind was howling. I looked around at the people walking past me, their faces hunched against the cold. I felt a sense of isolation, a feeling that I was alone in a vast, unfamiliar world. I had come here seeking a new beginning, but now I was questioning everything. The dream of a better life seemed so far away now, buried under a blanket of white snow.

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