

HOUSE No. 864

By Mr. Gallagher of Boston, petition of Owen Gallagher for legislation to provide for loans on policies issued by foreign insurance companies. Insurance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Thirty-Three.

An Act to provide for Loans on Policies issued by Foreign Companies after January, Nineteen Hundred and Thirty-three.

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 one hundred and seventy-five, section one
2 hundred and forty-two of the General Laws is hereby
3 amended by adding after the word "seven" in the
4 third line the following words:— or by a foreign life
5 insurance company after January of nineteen hun-
6 dred and thirty-three, — and after the word "thereto"
7 in the thirteenth line, the words:— if the policy is on
8 a participating basis, — and after the word "notice"
9 in the seventeenth line, the words:— registered mail
10 with return receipt, — and after the word "company"
11 in the twenty-first line the words:— by registered
12 mail with return receipt, — so that said section shall

13 read as follows: — *Section 142.* After three full annual
14 premiums have been paid on any policy of life or en-
15 dowment insurance issued by a domestic life com-
16 pany after December thirty-first, nineteen hundred
17 and seven, or by a foreign life insurance company after
18 January of nineteen hundred thirty-three, the holder
19 thereof, upon its proper assignment to the company,
20 shall within ninety days of the application therefor
21 be entitled to a loan from the company, on the sole
22 security of the policy with interest at a rate not ex-
23 ceeding six per cent per annum, or, at the option of
24 the company, with interest as aforesaid compounded
25 semi-annually, of a sum not exceeding its loan value,
26 which loan value shall be not less than ninety-five per
27 cent of the cash surrender value of the policy at the
28 end of the policy year during which the application
29 for the loan is made, computed as prescribed by
30 section one hundred and forty-four, and of all divi-
31 dend additions thereto, if the policy is on a partici-
32 pating basis, less any indebtedness to the company
33 and any unpaid portion of the premium for the then
34 current policy year. Failure to repay any such loan
35 or to pay interest thereon shall not avoid the policy
36 while the total indebtedness thereon is less than such
37 loan value at the time the said default in payment
38 occurs, nor until thirty days after the notice by regis-
39 tered mail with return receipt has been mailed by
40 the company to the last known address of the insured.
41 The affidavit of any officer, clerk or agent of the com-
42 pany, or of any one authorized to mail such notice,
43 that the notice required by this section has been duly
44 mailed by the company by registered mail with return
45 receipt, shall be prima facie evidence that such notice
46 was duly given. Nothing in this section shall require

47 any company to make a loan upon any policy for
48 less than twenty-five dollars.

49 This section shall not apply to term policies nor to
50 those in force as extended insurance as provided in
51 clause (c) of section one hundred and forty-four.

