B Y L A W S
of
THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE U. S.
for their
EXECUTIVE COMMITTEE AND MEDICAL BOARD
for
SPAIN AND PORTUGAL.

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4 · diciembre / 1889

Chapter 1.

"Interim" and "Conditional" policies.

Art. 1. All proposals for assurance shall be made upon the forms supplied, and shall be submitted by the Director and Administrator General of the Society to the Medical Director.

Art. 2. The Director and Administrator General shall cause all proposals, and the reports of the Medical Director thereon, and all information obtained by him respecting the risks proposed, to be brought before the President of the Executive Committee with all due promptitude, and shall render to the Executive Committee or the President of the Executive Committee and the Medical Director, all the assistance in his power in considering the acceptance of risks.

Art. 3. No policy shall be issued except upon the forms supplied for the purpose, nor until the first annual or quarterly premium in respect thereof shall be duly paid.

Art. 4. Upon the acceptance of a risk by the President of the Executive Committee, the Director and Administrator General shall cause the necessary policy to be prepared and signed by the President in conjunction with the Medical Director and by himself.

Art. 5. The Director and Administrator General shall keep a Register, and shall note on the upper left hand corner of each "Proposal" the fact that a policy has been issued, and the form

sented, or where any facts existing show that the Society has been imposed upon even innocently; or in case of breaches of the conditions of the policy, such as that of suicide; in which event, the Director and Administrator General is requested to defer payment until consultation with the Society by correspondence on a full statement of the facts with his advice, coupled with that of the Committee; and in cases where prompt resistance is of obvious value to the Society, the Director and Administrator General is authorized to resist payment. The only exception to these rules would be in the case of a policy where, in his opinion, the Society had been deceived, but in which their proof was insufficient to risk a trial upon and in which he is able to make a judicious business compromise.

We shall leave the discretion to him and the Committee conjointly to act in such a case, submitting their action for the Society's comment and ratification thereafter.

Chapter 5.

S U M M A R Y.

PROOFS OF DEATH: The Director and Administrator General shall have them properly filled up and authenticated and the identity established beyond a doubt.

PREMIUMS: He shall see that the premiums last due was promptly paid, and not paid when past due during the last illness or after the death of the assured.

AGE: He shall see that the date of birth in applications and proofs of death, certificate of birth, corresponds, and if not, that a proper reduction is made for the error.

BENEFICIARY: He shall be sure that he pays to the right party. When a policy is in favor of the very person whose life was assured, the amount is to be paid to the legal representatives of the estate of the assured and evidence produced as to the legal

qualification of such representatives.

When a policy has been assigned, he shall require legal evidence of the assignment, and that said assignee is of lawful age otherwise the policy can only be paid to the guardian of such assignee.

When a policy is payable to a minor, he shall require legal evidence of the appointment of the guardian, and pay to such guardian.

When a policy payable by its terms to one beneficiary if surviving, has by death of such beneficiary become payable to another, proof of the death of such first beneficiary must be furnished by affidavit of respectable persons, well acquainted with the fact.

When a policy is payable to the wife and children in general of a person or to any class of persons whose names are not separately mentioned in the policy, proof must be furnished of how many children there are, or of how many the class consists, and the names and ages of the persons.

And in general, when the policy or the death is peculiar in any respect, the form of proofs of death and payment of the claim must be adapted to the circumstances of each case as it arises.

This being a departure from the Society's rule to pay death claims only after receipt of proof and audit at the New York office it is to be regarded as an experiment and will not become a usage until it shall have been proved satisfactory by trial.

Chapter 6.

RULES FOR THE GOVERNMENT OF THE MEDICAL DEPARTMENT FOR SPAIN AND PORTUGAL.

Art. 1. The Medical Staff of the Society for Spain and Portugal is to consist of a Medical Director and a Vice Medical Director resident in Madrid, and Medical Examiners in Spain and Portugal.

Art. 2. The duty of the Medical Examiners consists of making the medical examination of such applicants as may be referred to them by the Director and Administrator General of the Society or his agents. The examiners are to make their reports upon each case upon the printed forms supplied by the Society for the purpose and to submit such printed forms to the Vice Medical Director.

THE DUTIES OF THE MEDICAL DIRECTOR SHALL BE:-

Art. 3. To revise such reports of the Medical Examiners as have been already passed by the Vice Medical Director; to have the ultimate decisions of all questions as to the acceptability of the risk whenever the question comes within the province of the Medical Department; and when approved, to signify his approval in writing by adding the word "Aprobade", (Approved) under the letters V. B. (recommended) written by the Vice Medical Director.

Art. 4. To sign the policies of all applicants which have been approved by him, or the Vice Medical Director.

Art. 5. To make personally the examination of the applicant in all cases of importance and difficulty, when such personal examination shall be deemed advisable by the Society or the Committee.

DUTIES OF THE VICE MEDICAL DIRECTOR.

Art. 6. It shall be the duty of the Vice Medical Director to examine the reports of the Medical Examiners, and to see that these reports are made in conformity with the rules of the Society.

The Vice Medical Director shall also have the organization of the medical service of the Society, and shall when occasion arises propose to the Medical Director any appointments which it may seem to him advisable or necessary to make. It will also be his duty to act for the Medical Director in case of his absence or illness.

Art. 7. The Medical Directors are generally to watch over the interests of the Society in all matters pertaining to their department, and are to be governed in the performance of their duties solely by the rules and instructions which have or may hereafter be issued to them by the Medical Department of the Society in New York.

Signed in accordance with a Resolution of the Committee on Agencies of the Equitable Life Assurance Society of the United States, adopted at a meeting held March 4th 1887.

H S Terbell
Chairman
of Committee
on Agencies

STATE OF NEW YORK, }
CITY AND COUNTY OF NEW YORK, } ss.

On this twenty eighth day of March A.D. 1887, before me personally appeared Henry S. Terbell Chairman of the Committee on Agencies of the Equitable Life Assurance Soc'y of the U.S. with whom I am personally acquainted, who, being by me duly sworn, said that he resided in the City of New York that he was the Chairman of the Committee on Agencies of said Soc'y that he knew the corporate seal of the said Soc'y; that the seal affixed to the foregoing instrument was such corporate seal; that it was so affixed by order of the Board of Directors of the said Soc'y and that he signed his name thereto by the like order as Chairman of said Committee

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at New York City, in the County and State of New York, this 28th day of March 1887.

J H Ballard
Notary Public for the City and County of New York, No. 74.

thereof ("Conditional" or "Interim", which can be designated by the use of letters "A" and "B" respectively). The Policy Register shall be produced at each meeting of the Executive Committee and the president before signing any policy shall compare the policy with the "proposal" and initial the entry of such policy in the Register.

Art. 6. Policies in form "B" (Interim") are only to be issued upon special application therefor, and in respect of risks reported by the Medical Director as equal to the best. Whenever practicable form "A" (Conditional) shall be employed in preference to form "B".

Art. 7. Policies under form "B" (Interim) are not to be issued for more than 125.000. pesetas ($25.000.), nor under form "A" (Conditional) for more than 250.000. pesetas ($50.000.), and then only upon lives reported as equal to the best. Policies under form "B" shall be issued for a term of twelve months. Policies under form "A" for a term of three months.

Art. 8. The Director and Administrator General shall advise the Home Office periodically and not less than once each month , of all "Proposals" made for assurance and of all risks accepted, and the class of policies issued in respect thereof, and he shall forward to the Home Office the "Proposal", Medical Director's report and all other evidence or information relating to the risk, retaining copies for record in the Madrid Office.

These periodical advices of the Director and Administrator General shall be audited in writing by the President of the Executive Committee and the Medical Director and certified to by them to be correct.

Art. 9. Upon the issue of a permanent policy from the Home Office in New York, the corresponding policy issued in Madrid

shall be returned to the Director and Administrator General, who shall file it in the Head Office at Madrid.

Art. 10. All premium rates, whether regular or extra, shall be made in accordance with instructions to be obtained from time to time from the Home Office in New York and the policies shall be written and the whole business transacted strictly in accordance with the rules and usages of the Society in the premises.

Chapter 2.

PAYMENT OF DEATH-CLAIMS IN SPAIN AND PORTUGAL.

The following rules apply only to losses on policies which have been actually in force three years and two years respectively, according to the terms of the contract, and have therefore become incontestable. Supplementary rules will be given for policies which have not become incontestable.

Art. 1. The Director and Administrator General shall have the proofs of death thoroughly made up and authenticated and forwarded to New York at the earliest possible moment. In doing so he shall be careful to anticipate every possible objection or criticism which could possibly be urged both as to the identity of the person assured with the deceased person, and as to the cause of death. He shall also satisfy himself that the premium last due was promptly paid during the lifetime of the assured and not received after its due date and during the illness of the assured. He shall be particular to compare every essential item of information obtained after the death with corresponding items in the application for the policy, and wherever inconsistencies are developed search them out to the extreme and submit in writing to the Society all the data obtained and his own views on the subject.

Although these rules apply to policies to the pay-

ment of which no defense can be made, the Society desires to learn by the experience of every case how to avoid premature losses in future cases. Consequently, the agent and the physician in every case which is discovered to have been improperly taken, should be made to suffer some penalty and to feel that a repetition of the errors would lose them the recognition of the Society. In gross cases, of course, where bad faith is discovered, dismissals should ensue. The Director and Administrator General will also ascertain whether the assured had been guilty of a breach of any of those conditions of the policy to which he was bound to conform; namely: Those relating to residence, travel, occupation and employments.

(See Provisions and Requirements on back of the policy).

Art. 2. In every case of the death of a policy holder the Director and Administrator General will take care to observe whether the premium is payable annually, semi-annually or quarterly. If paid semi-annually or quarterly, he will examine the register date of the policy, which is the date when the first regular payment was due. This date is the beginning of the policy year. He will then see whether at the time of the death of the assured there are semi-annual or quarterly premiums still due to the Society to complete the full policy year then current, the calculations of the Society being made upon the basis that all premiums are considered payable annually in advance, and that quarterly and semi-annual payments are only permitted as a convenience to policy-holders; that the balance of any uncompleted year at the time a death occurs must be made good to the Society.

(See Society's policy form for terms of contract).

Any balance thus found to be due for what are known by us as deferred quarterly and semi-annual premiums is to be de-

ducted from the face of the policy before payment.

Art. 3. The said Director and Administrator General will carefully investigate as to the alleged age or date of birth of the assured stated at the time of insurance in the application upon the faith of which the policy was issued, and compare the same with the age or date of birth in the proofs of death.

In order to satisfy himself of the true age, he will have recourse to such evidence as the certificate of birth from the Civil Register, the church records, the Parish Register, The family Bible, or where not obtainable from either of the foregoing sources, then by the testimony of members of his family or friends or other trustworthy evidence.

In cases which very frequently arise where the fact is developed that the age was understated, a corresponding deduction must be made from the face of the policy for the error, and particular attention is requested to the rule for making this deduction. It is not sufficient to deduct from the amount of the policy the difference between the premium which was payable at the correct age and that which was actually paid at the incorrect age. The amount for which the Society is liable in such cases (and it is so stated in our recent form of policy) is the amount of assurance which, by the tables of the Society, the premium actually paid at the stated or incorrect age in the application, would have purchased at the proper rate for the real age at the date of issue of the policy.

Thus, if the application has made the age 30, and in consequence an ordinary life policy for $10.000. has been issued at the annual rate of $227.00. and we find by the proofs of death that the real age of the assured at the date of issue of the policy was 32, the Society calculate the amount to be paid under the policy, as follows:

As 240.50, the proper amount of premium on $10.000. (ordinary Life) at age 32; Is to $227.00, the amount of premium actually paid; So is $10.000. the amount assured as assumed in the policy; to $9.438.70, the amount on which, only, the just premium has been paid and which therefore is the just amount to be paid the beneficiary.

In the early years of a policy this rule cuts off more from the nominal value of the policy than the deficiency of the premiums accumulated at compound interest would amount to; but it cuts off less if the policy has been a long time in force, or if a paid up policy has been taken (in which last case the calculation of the amount due is somewhat complicated and would need to be referred to the N. Y. Office for computing). The Society believe that their mode of calculation is the just and proper one and is the practise of most companies here and in England.

Art. 4. Inasmuch as dividends may have been declared and made payable with the policy of which the said Director and Administrator General has no information, he will only be enabled to pay the face of the policy in each case with such deductions as have already been referred to, awaiting communication with the Home Office in New York for the payment of dividends, if any, standing to the credit of the policy on the books in New York. This can readily be made the subject of a supplementary transaction.

Art. 5. If any facts are developed which in his judgment and that of the Committee would suggest the propriety of his communicating with the Home Office before payment, he will, of course, do so. But it is to be presumed that in general it will be unnecessary as the policies under consideration have become incontestable under our rules. In general, therefore, when he is satisfied of the death of a party and the policy is in actual force at

the time of death, and the claim is in every other respect an equitable and just one, and the adjustment for error in age and balance of the years premium has been made where required, he will proceed to pay the claim in the following manner and with the following restrictions.

Art. 6. Inasmuch as it is possible that dealings may have been had direct between the insured and the Home Office of the Society, without going through the Head Office at Madrid; as for example, in the case of a man who has been absent from Spain or Portugal, there may be agreements and modifications of the contract on the books of the Home Office of which he has no record. Consequently, it would be proper for him unless he is sufficiently certain of his position to assume the risk of having to refund to the Society any amount improperly paid- to withold from the payment of a policy, a moderate margin, say 10 or 20 per cent. of the whole, until he shall have communicated with the Home Office in New York to ascertain whether there are any drawbacks against the policy.

Art. 7. Where a certain designated individual is named in the policy as the payee (and there has been no assignment of the policy) there is no possibility of confusion as to whom we should pay, as in the case of a named creditor, a wife, mother, sister or brother. Where any possible legal question arises in a given case as to who are the proper parties to whom to pay, the advice of competent attorneys should be secured except in cases where the said Director and Administrator General is willing to assume the pecuniary risk of a correct decision. The expense of obtaining this advice should be borne by the assured unless, in the opinion of the said Director it is impracticable to enforce this rule. It isnot our desire to recognize a new category of expenses of this kind, if they can properly be levied upon the parties in in-

terest.

In this connection it is always possible that assignments may have been made of policies without the knowledge of the said Director and Administrator General, notice of the same having been given to the Society at the Home Office in New York. And here is a point at which the Society's plan for enabling him to pay policies is necessarily defective. We propose to make the effort to correct this defect for the future by instituting a system of notices to the Madrid Office from the Home Office of all changes that occur in the benficiaries of policies or otherwise which should enable the Madrid Office to keep a correct record of such matters. But this is an innovation in the Society's practise and is liable on that account to work roughly at first. We must urge upon the Director and Administrator General therefore to exercise his own ingenuity and diligence to the greatest extent in order that no mistakes may be made. We suggest that he might take affidavits from the parties that no assignment or change of beneficiary has been made, and that he might also obtain security in the way of a good name or otherwise as indemnity against loss in case of payment to the wrong party; always provided that the parties are sufficiently respectable to exclude the likelihood of fraud.

We do not think that in the case of the Madrid Office there is great likelihood of any transactions occuring of which the said office would not be familiar, if, as we suppose, the office has kept a record of all changes. The establishment of these rules makes it very necessary that the Madrid Record should be complete, clear and accurately kept, and all the books and records should be considered as the property of the Society in case of anything happening to the said Director andAdministrator General or his withdrawal from the office of Madrid.

Art. 8. After taking due account of all the matters referred to as well as others which may occur to him applicable to the particular case in hand and suggested by his own good business judgment, he is authorized to draw upon the Society's London Office in accordance with the Statutes, for the amount thus found to be due in order to pay the beneficiary (or beneficiaries jointly where there is more than one beneficiary) absolutely having the right by law to claim the assurance.

Art. 9. The Director and Administrator General will, in addition to the proofs of death, forward promptly to the Home Office the policy of the Society duly receipted by the beneficiaries, and his (the Director and Administrator General's) certificate in writing, signed by him that the rules of the Society have been observed and that the amount as stated is legally due to the parties as stated. This certificate is also to be signed by one or more members of the Executive Committee.

Chapter 4.

RULES REGARDING POLICIES WHICH HAVE NOT BECOME INCONTESTABLE

Art. 1. It is the intention of the Society to treat these policies with great severity. The Society do not propose to pay fraudulent claims or policies which have been procured by misstatements of material facts, even when innocently made, before the same becomes incontestable. It is absolutely essential to the Security of the Society under the incontestable plan of assurance that examples should be made of cases maturing within the period of probation, which were improperly procured. The Director and Administrator General will therefore, pursue in these cases the course laid down for policies which have become incontestable except where the bona fides is not evident upon the papers pre-

The Vice Medical Director shall also have the organization of the medical service of the Society, and shall when occasion arises propose to the Medical Director any appointments which it may seem to him advisable or necessary to make. It will also be his duty to act for the Medical Director in case of his absence or illness.

Art. 7. The Medical Directors are generally to watch over the interests of the Society in all matters pertaining to their department, and are to be governed in the performance of their duties solely by the rules and instructions which have or may hereafter be issued to them by the Medical Department of the Society in New York.