

SENATE No. 158

To accompany the petition of John J. Flynn for legislation relative to the computation of reserves of liability companies. Insurance.

The Commonwealth of Massachusetts

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

AN ACT RELATING TO THE COMPUTATION OF RESERVES OF LIABILITY 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 Section twelve of chapter one hundred and seventy-
2 five of the General Laws, as appearing in the Ter-
3 centenary Edition, is hereby amended by striking
4 out the first and second paragraphs and inserting in
5 place thereof the following paragraphs:—
- 6 1. For all liability suits being defended under
7 policies written:
- 8 (a) Ten years or more prior to the date of deter-
9 mination, one thousand five hundred dollars for each
10 suit.
- 11 (b) Five or more and less than ten years prior to the
12 date of determination, one thousand dollars for each
13 suit.
- 14 (c) Three or more and less than five years prior to
15 the date of determination, eight hundred fifty dollars
16 for each suit.

17 In any event the total loss and loss expense reserves
18 for all such liability policies written more than three
19 years prior to the date of determination shall be not
20 less than the aggregate of the estimated unpaid losses
21 and loss expenses under such policies computed on an
22 individual case basis.

23 2. For all such liability policies written during the
24 three years immediately preceding the date of deter-
25 mination, such reserves shall be the sum of the reserves
26 for each such year, which shall be sixty per cent of the
27 earned premiums on liability policies written during
28 such year less all loss and loss expense payments
29 made under such policies written in such year. In
30 any event such reserves for each of such three years
31 shall be not less than the aggregate of the estimated
32 unpaid losses and loss expenses for claims incurred
33 under liability policies written in the corresponding
34 year computed on an individual case base.