

# SENATE . . . . No. 427

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## The Commonwealth of Massachusetts

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SENATE, April 1, 1943.

The committee on Bills in the Third Reading, to which was referred the Senate Bill relating to the computation of reserves of liability companies (Senate, No. 158), reports recommending that the same be amended by substituting therefor a new draft entitled "An Act relating to the computation of reserves in insurance companies with respect to certain policies of liability insurance" (Senate, No. 427), and that, when so amended, the same will be correctly drawn.

For the committee,

NEWLAND H. HOLMES.

## The Commonwealth of Massachusetts

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

AN ACT RELATING TO THE COMPUTATION OF RESERVES  
IN INSURANCE COMPANIES WITH RESPECT TO CERTAIN  
POLICIES OF LIABILITY INSURANCE.

*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. Section twelve of chapter one hun-  
2 dred and seventy-five of the General Laws, as appear-  
3 ing in the Tercentenary Edition, is hereby amended  
4 by striking out all before the word "policies" in the  
5 twentieth line and inserting in place thereof the  
6 following:— Except as otherwise provided in section  
7 twelve A, the commissioner shall each year compute  
8 the reserve required of liability companies for out-  
9 standing losses under insurance against loss or damage  
10 from accident to or injuries suffered by an employee  
11 or other person, for which the insured is liable, as  
12 follows:—

13 1. For all liability suits being defended under  
14 policies written:

15 (a) Ten years or more prior to the date of deter-  
16 mination, one thousand five hundred dollars for each  
17 suit.

18 (b) Five or more but less than ten years prior to  
19 the date of determination, one thousand dollars for  
20 each suit.

21 (c) Three or more but less than five years prior

22 to the date of determination, eight hundred and  
23 fifty dollars for each suit.

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

36 2A. For all liability policies written more than  
37 three years prior to the date of determination the  
38 total loss and loss expense reserves shall be not less  
39 than the aggregate of the estimated unpaid losses  
40 and loss expenses for claims incurred under such  
41 policies computed on an individual case basis.

1 SECTION 2. Said chapter one hundred and seventy-  
2 five is hereby further amended by inserting after  
3 section twelve, as amended, the following section:—  
4 *Section 12A.* A liability company authorized to  
5 transact business in the commonwealth, conducting  
6 an intrastate business only, which, in the computation  
7 of its reserves is subject to section twelve, may com-  
8 pute such reserves, so far as they relate to outstanding  
9 losses under insurance against loss or damage from  
10 accident to or injuries suffered by an employee or  
11 other person for which the insured is liable, either  
12 under said section twelve as appearing in the Ter-  
13 centenary Edition or under said section twelve as  
14 presently in force.

