

HOUSE No. 1210

Bill accompanying the petition of Jean B. Paradis and another relative to defining certain words and terms used in fire insurance contracts. Insurance. January 19.

The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Sixteen.

AN ACT

To define the Word "Premium" as used in Fire Insurance Contracts.

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 twenty-nine of Part III of chapter four hun-
2 dred and ninety of the acts of the year nineteen hundred
3 and nine is hereby amended by adding at the end
4 thereof the words:—In this act the words "all pre-
5 miums charged or received on contracts made in this
6 commonwealth" by mutual fire insurance companies
7 shall be construed to mean all those portions of the
8 total premium-deposits and assessments deposited with
9 the insurance companies for insurance in force during
10 the calendar year which are retained by the insurance
11 companies on account of their absorption during the
12 said year by losses, expenses, contribution to surplus
13 or depreciation of securities.

14 Every mutual fire insurance company doing business

15 in this commonwealth shall include in its annual re-
16 turns to the insurance commissioner for the previous
17 calendar year statements of:

18 (a) The average total amount of premium-deposits
19 and assessments deposited with the said insurance
20 company upon insurance in force during the previous
21 calendar year (found by averaging that in force on the
22 first of each calendar month.)

23 (b) The total receipts during the said year from in-
24 come upon investments of deposits.

25 (c) The total amount of said deposits absorbed dur-
26 ing said year by losses from fire, sprinkler leakage,
27 windstorm or other hazard against which the company
28 insures.

29 (d) The total amount absorbed during said year by
30 all expenses of doing business.

31 (e) The amount absorbed during said year by pay-
32 ments of federal, state and municipal taxes.

33 (f) The total of all sums added to or taken from its
34 reserves.

35 (g) The sum total taken from or added to its deposits
36 on account of change made in the book value of its in-
37 vestments.

38 (h) The "net premiums and assessments" computed
39 from the foregoing.

40 (i) The per cent of total deposit (a) absorbed by the
41 business of the year found from the algebraic sum of
42 items (b) to (h) inclusive. This, to be reckoned to the
43 nearest one hundredth of one per cent.

44 (j) The portion of the total deposits given in item (a)
45 pertaining to insurance upon property in this common-
46 wealth and upon property situate in any other state in
47 which the said company has not paid and is not liable
48 to pay a similar tax.

49 (k) The sum of net premiums and assessments upon
50 which tax is to be paid to this commonwealth found by
51 applying the per cent of item (i) to the sum in item (j):
52 — so as to read as follows:—

53 *Section 29.* A fire, marine, fire and marine and other
54 insurance company, association or partnership, includ-
55 ing associations formed upon the plan known as Lloyds,
56 incorporated or associated by authority of any other
57 state of the United States, shall annually pay a tax or
58 excise upon all premiums charged or received on con-
59 tracts made in this commonwealth for the insurance
60 of property of interests therein, or received or collected
61 by agents in this commonwealth, at the rate of two
62 per cent, and at such greater rate, if any, as shall be
63 equal to the highest rate imposed during the year by
64 the laws of such other state upon insurance companies
65 incorporated by authority of this commonwealth, or
66 upon their agents, when doing business in such state.

67 In this act the words “all premiums charged or re-
68 ceived on contracts made in this commonwealth” by
69 mutual fire insurance companies shall be construed to
70 mean all those portions of the total premium-deposits
71 and assessments deposited with the insurance com-
72 panies for insurance in force during the calendar year
73 which are retained by the insurance companies on ac-
74 count of their absorption during the said year by
75 losses, expenses, contribution to surplus or depreciation
76 of securities.

77 Every mutual fire insurance company doing business
78 in this commonwealth shall include in its annual re-
79 turns to the insurance commissioner for the previous
80 calendar year statements of:

81 (a) The average total amount of premium-deposits
82 and assessments deposited with the said insurance

83 company upon insurance in force during the previous
84 calendar year (found by averaging that in force on the
85 first of each calendar month.)

86 (b) The total receipts during the said year from in-
87 come upon investments of deposits.

88 (c) The total amount of said deposits absorbed during
89 said year by losses from fire, sprinkler leakage, wind-
90 storm or other hazard against which the company in-
91 sures.

92 (d) The total amount absorbed during said year by
93 all expenses of doing business.

94 (e) The amount absorbed during said year by pay-
95 ments of federal, state and municipal taxes.

96 (f) The total of all sums added to or taken from its
97 reserves.

98 (g) The sum total taken from or added to its deposits
99 on account of change made in the book value of its in-
100 vestments.

101 (h) The "net premiums and assessments" computed
102 from the foregoing.

103 (i) The per cent of total deposit (a) absorbed by the
104 business of the year found from the algebraic sum of
105 items (b) to (h) inclusive. This, to be reckoned to the
106 nearest one hundredth of one per cent.

107 (j) The portion of the total deposits given in item (a)
108 pertaining to insurance upon property in this common-
109 wealth and upon property situate in any other state in
110 which the said company has not paid and is not liable
111 to pay a similar tax.

112 (k) The sum of net premiums and assessments upon
113 which tax is to be paid to this commonwealth found by
114 applying the per cent of item (i) to the sum in item (j).