

HOUSE No. 468.

Bill accompanying the petition of John E. Harris for legislation relative to the reserves for certain insurance companies. Insurance. January 22.

Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Six.

AN ACT

Relative to Reserves for Certain Insurance 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 1. Every insurance company incorporated
2 under the laws of this state or any other state of the
3 United States, or under the laws of any foreign country,
4 which in this state insures persons against bodily injury
5 or death by accident, shall maintain a premium reserve
6 on all such policies in force whether issued in this state
7 or elsewhere, equal to the unearned portion of the gross
8 premiums charged for covering the risks.

1 SECTION 2. Every insurance company which in this
2 Commonwealth insures any person against bodily injury

3 or death by accident, or any person, firm or corporation
4 against loss of damage on account of the bodily injury
5 or death by accident of any person for which loss or
6 damage said person, firm or corporation is responsible,
7 shall maintain, in addition to the reserve required by
8 section eleven of chapter one hundred and eighteen of
9 the Revised Laws, a further reserve as herein provided.
10 For the purpose of computing this reserve, each such
11 company shall on or before the first day of October in
12 each year, state in writing to the insurance commissioner
13 its experience in the United States during the period of
14 five years commencing eight years previous to the thirty-
15 first day of December of the year in which the state-
16 ment is made, in the following particulars, namely, the
17 number of persons reported injured under all of the forms
18 of policies of liability or accident insurance hereinbefore
19 defined in this section ; the number and amount, given
20 cost and expenses separately, of all claims against policy
21 holders, or against the company settled either by pay-
22 ment or compromise ; and the number and amount, given
23 costs and expenses separately, of all suits or actions against
24 policy holders or against the company which have been
25 settled either by payment or compromise. Each such
26 company shall thereupon reserve upon all such policies,
27 first, for each suit or action pending which is being de-
28 fended for or on account of the company, or on account
29 of the holder of any such policy, the average cost thereof
30 as shown by the experience so stated ; and second, for
31 injuries reported under such policies at any time within
32 eighteen months the average cost for each injured person
33 as shown by said experience. From the sum so ascer-
34 tained the company may deduct for each claim paid or
35 settled the average claim cost determined as aforesaid,
36 and for each suit pending for injuries included in part

37 second of the reserve the average suit cost determined as
38 aforesaid. Any company which now issues, or shall
39 hereafter issue, liability or accident policies as aforesaid,
40 and which has not been engaged in liability or accident
41 underwriting for five years, shall, nevertheless, until
42 such time as it may be able to state its experience of the
43 period hereinbefore required, make and maintain the
44 reserves hereby required upon the basis of the averages
45 of all the other companies stated as required by this
46 section, which averages shall be furnished by the insur-
47 ance commissioner to each such company on or before
48 the first day of December in each year.

