

No 15, S.]

[Published May 7, 1917.

**CHAPTER 160**

**AN ACT** to create section 1966—47a of the statutes, providing a method for computing reserves for liability and workmen's compensation insurance.

*The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:*

SECTION 1. There is added to the statutes a new section to read: Section 1966—47a. 1. The reserve for outstanding losses under insurance against loss or damage from accident to or injuries suffered by an employe or other person and for which the insured is liable shall be computed as follows:

(1) For all liability suits being defended under policies written more than

(a) Ten years prior to the date as of which the statement is made, one thousand five hundred dollars for each suit.

(b) Five and less than ten years prior to the date as of which the statement is made, one thousand dollars for each suit.

(c) Three and less than five years prior to the date as of which the statement is made, eight hundred and fifty dollars for each suit.

(2) For all liability policies written during the three years immediately preceding the date as of which the statement is made, such reserve shall be sixty per centum of the earned liability premiums of each of such three years less all loss and loss expense payments made under liability policies written in the corresponding years; but in any event, such reserve shall, for the first of such three years, be not less than seven hundred and fifty dollars for each outstanding liability suit on said year's policies.

(3) For all compensation claims under policies written more than three years prior to the date as of which the statement is made, the present values at four per centum interest of the determined and the estimated future payments.

(4) For all compensation claims under policies written in the three years immediately preceding the date as of which the statement is made, such reserve shall be sixty-five per centum of the earned compensation premiums of each of such three years, less all loss and loss expense payments made in connection with such claims under policies written in the corresponding years; but in any event, in the case of the first year of any such three year period such reserve shall be not less than the present value at four per centum interest of the determined and the estimated unpaid compensation claims under policies written during such

year; provided, however, that in computing the reserve for the statement for December 31, 1917, and December 31, 1918, the ratios sixty per centum and sixty-two and one-half per centum respectively shall be used instead of sixty-five per centum as hereinbefore provided.

2. The term "earned premium" as used herein, shall include gross premiums charged on all policies written, including all determined excess and additional premiums, less return premiums, other than premiums returned to policyholders as dividends, and less reinsurance premiums and premiums on policies cancelled, and less unearned premiums on policies in force. But any participating company which has charged in its premiums a loading in excess of its average expense requirements shall not be required to include such loading in its earned premiums, provided a statement of the amount of such loading is approved by the commissioner of insurance.

The term "compensation", as used in this act, shall relate to all insurances effected by virtue of statutes providing compensation to employes for personal injuries irrespective of fault of the employer. The term "liability", shall relate to all insurance except compensation insurance against loss or damage from accident to or injuries suffered by an employe or other person and for which the insured is liable.

The terms "loss payments" and "loss expense payments", as used herein, shall include all payments to claimants, including payments for medical and surgical attendance, legal expenses, salaries and expenses of investigators, adjusters and field men, rents, stationery, telegraph and telephone charges, postage, salaries and expenses of office employes, home office expenses, and all other payments made on account of claims, whether such payments shall be allocated to specific claims or unallocated.

3. All unallocated liability loss expense payments made in a given calendar year subsequent to the first four years in which an insurer has been issuing liability policies, shall be distributed as follows: Thirty-five per centum shall be charged to the policies written in that year, forty per centum to the policies written in the preceding year, ten per centum to the policies written in the second year preceding, ten per centum to the policies written in the third year preceding, and five per centum to the policies written in the fourth year preceding, and such payments made in each of the first four calendar years in which an insurer issues liability policies shall be distributed as follows: In the first calendar year one hundred per centum shall be charged to the policies written in that year, in the second

calendar year fifty per centum shall be charged to the policies written in that year and fifty per centum to the policies written in the preceding year, in the third calendar year forty per centum shall be charged to the policies written in that year, forty per centum to the policies written in the preceding year, and twenty per centum to the policies written in the second year preceding, and in the fourth calendar year thirty-five per centum shall be charged to the policies written in that year, forty per centum to the policies written in the preceding year, fifteen per centum to the policies written in the second year preceding, and ten per centum to the policies written in the third year preceding, and a schedule showing such distribution shall be included in the annual statement.

All unallocated compensation loss expense payments made in a given calendar year subsequent to the first three years in which an insurer has been issuing compensation policies shall be distributed as follows:

Forty per centum shall be charged to the policies written in that year, forty-five per centum to the policies written in the preceding year, ten per centum to the policies written in the second year preceding and five per centum to the policies written in the third year preceding, and such payments made in each of the first three calendar years in which an insurer issues compensation policies shall be distributed as follows: In the first calendar year one hundred per centum shall be charged to the policies written in that year, in the second calendar year fifty per centum shall be charged to the policies written in that year and fifty per centum to the policies written in the preceding year, in the third calendar year forty-five per centum shall be charged to the policies written in that year, forty-five per centum to the policies written in the preceding year and ten per centum to the policies written in the second year preceding, and a schedule showing such distribution shall be included in the annual statement.

Whenever in the judgment of the commissioner of insurance, the liability or compensation loss reserves of any insurer under his supervision, calculated in accordance with the foregoing provisions are either inadequate or excessive, he may, in his discretion, require or permit such insurer to set up reserves based upon estimated individual claims or such other basis as he may approve.

4. Each insurer that writes liability or compensation policies shall include in the annual statement required by law a schedule of its experience thereunder in such form as the commissioner of insurance may prescribe.

SECTION 2. This act shall take effect upon passage and publication.

Approved May 3, 1917.

No. 179, S.]

[Published May 7, 1917.

## CHAPTER 161

AN ACT to amend section 1087m—23 of the statutes, relating to the apportionment of revenue received from income taxes.

*The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:*

SECTION 1. Section 1087m—23, of the statutes is amended to read: Section 1087m—23. All income taxes collected in cash over and above the personal property offset authorized by section 1087m—26 of the statutes shall be divided as follows, to wit: Ten per cent to the state, twenty per cent to the county, and seventy per cent to the town, city or village in which the tax was assessed, levied and collected, which shall be remitted and accounted for in the same manner as the state and county taxes collected from property are remitted and paid, except that income taxes returned delinquent shall not be charged to the county nor credited to the town, city or village returning the same. *Out of the first moneys received and retained from cash collected from such income taxes in any city of the first class, however organized, there shall be transferred and paid to the firemen's pension fund provided for by chapter 165 of the laws of 1903 and laws amendatory thereof, a sum each year sufficient to make the said firemen's pensions fund on the first day of March in each year not less than one hundred and seventy-five thousand dollars, to be used for the purpose of paying pensions to disabled and superannuated members of the fire department and their beneficiaries mentioned in said laws.* The county treasurer shall account for and pay ten per cent of all delinquent taxes thereafter collected by him to the state treasurer, and seventy per cent thereof to the several town, city and village treasurers entitled thereto quarterly thereafter.

SECTION 2. This act shall take effect upon passage and publication.

Approved May 3, 1917.