

CHAP. 89.—An Act Providing that the Government property known as the Saint Francis Barracks, at Saint Augustine, Florida, be donated to the State of Florida for military purposes.

March 1, 1922.

[S. 2138.]

[Public, No. 160.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Government buildings and the land connected therewith, known as Saint Francis Barracks, at Saint Augustine, Florida, be, and the same is hereby, donated to the State of Florida, to be held by said State and used for military purposes, subject to the following express condition that upon notice in writing by the President of the United States to the governor of the State of Florida that the United States has need for said property, this grant shall cease and determine and title to said lands and all improvements thereon shall immediately revert to the United States.

Saint Francis Barracks, Fla.
Donated to the State for military purposes.

Condition.

Approved, March 1, 1922.

CHAP. 90.—An Act To amend an Act entitled "An Act to amend an Act entitled 'An Act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," approved June 4, 1920.

March 1, 1922.

[S. 2774.]

[Public, No. 161.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 90 of the Act entitled "An Act to amend an Act entitled 'An Act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," approved June 4, 1920, be amended so as to read as follows:

National Guard.
Vol. 39, p. 205.
Vol. 41, p. 783, amend-
ed.

"**SEC. 90.** That funds allotted by the Secretary of War for the support of the National Guard shall be available for the purchase and issue of forage, bedding, shoeing, and veterinary services, and supplies for the Government animals issued to any organization, and for the compensation of competent help for the care of material, animals, and equipment issued mounted and other organizations, including motor drawn and air service, under such regulations as the Secretary of War may prescribe: *Provided,* That the men to be compensated, not to exceed five for each organization, shall be duly enlisted therein and shall be detailed by the organization commander, under such regulations as the Secretary of War may prescribe, and shall be paid by the United States disbursing officer in each State, Territory, and the District of Columbia."

Care, etc., of animals,
etc.

Motor and air service
added.
Proviso.
Payment to men
detailed.

Approved, March 1, 1922.

CHAP. 93.—An Act To regulate marine insurance in the District of Columbia, and for other purposes.

March 4, 1922.

[S. 2265.]

[Public, No. 162.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

District of Columbia.
Marine insurance
regulations.

TITLE I.—DEFINITIONS.

SECTION 1. That whenever used in this Act—
"Marine insurance" means insurance against any and all kinds of loss of or damage to vessels, craft, cars, aircraft, automobiles, and other vehicles, whether operated on or under water, land, or in the air, in any place or situation, and whether complete or in process of or awaiting construction; also all goods, freights, cargoes, merchandise, effects, disbursements, profits, moneys, bullion, precious stones, securities, choses in action, evidences of debt, including money loaned on bottomry or respondentia, valuable papers, and all other kinds of

Terms defined.
"Marine insurance."
Comprehensive class-
es of risks included in.

property and interests therein, including liabilities and liens of every description, in respect to any and all risks and perils while in course of navigation, transit, travel, or transportation on or under any seas or other waters, on land or in the air or while in preparation for or while awaiting the same or during any delays, storage, transshipment, or reshipment incident thereto, including builders' risks, war risks, and for loss of or damage to property or injury or death of any person, whether legal liability results therefrom or not, during, awaiting, or arising out of navigation, transit, travel, or transportation, or the construction or repair of vessels;

"Marine insurance company."

"Marine insurance company" means any persons, companies, or associations authorized by this Act to write marine insurance within the District;

"Insurance company" or "company."

"Insurance company" or "company" means any insurer, incorporated or otherwise;

"Domestic company."

"Domestic company" means an insurance company organized under the laws of the District of Columbia;

"District."

"District" means the District of Columbia;

"Superintendent."

"Superintendent" means the superintendent of insurance of the District of Columbia.

Superintendent of insurance. Powers, etc., of, applicable to marine insurance companies.

SEC. 2. That, unless the context of any sections under this Act expressly indicate otherwise, the laws of the District relating to the powers and duties of the superintendent, making of examinations, filing of financial and other statements, legal process, organization and licensing of companies, certification and supervision of agents, deposit of assets, impairment and liquidation proceedings, and other requirements pertaining to insurance in general, shall, in so far as they are made applicable by the terms of such laws, or by the terms of this Act, apply to all marine insurance companies transacting business within the District: *Provided*, That, with respect to the filing of statements, the superintendent shall accept a photographic copy of a single original, or a certified copy from the insurance principal of the State where the company is organized or has its principal office.

Proviso. Copies of statements acceptable.

Insurance that may be written.

TITLE II.—KINDS OF INSURANCE THAT MAY BE WRITTEN.

Classes authorized.

SEC. 3. That a marine, fire-marine, or fire insurance company may be formed, admitted or licensed to write any or all insurance and reinsurance comprised in any one or more of the following numbered subdivisions:

Marine risks.

First. On marine risks as described in section 1 of this Act under the definition of "marine insurance."

Fire, etc.

Second. On property and rents and use and occupancy, against loss or damage by fire, lightning, tempest, earthquake, hail, frost, snow, explosion (other than explosion of steam boilers or flywheels), breakage or leakage of sprinklers or other apparatus erected for extinguishing fires, and on such apparatus against accidental injury; and against liability of the insured for such loss or damage; and on automobiles against loss or damage from collision or theft, and against liability of the owner or user for injury to person or property caused by his automobile.

Automobiles.

Personal accidents.

Third. Against bodily injury or death by accident, and against disablement resulting from sickness, and every insurance appertaining thereto, including quarantine and identification.

Death or disability of another.

Fourth. Against liability of the insured for the death or disability of another.

Causes other than fire, marine and inland navigation.

Fifth. Against loss of or damage to property resulting from causes other than fire, marine and inland navigation hazards, and against liability of the insured for such loss or damage, and on motor vehicles against fire, marine and inland navigation hazards, and against per-

sonal injury and death, and liability of the insured therefor, from explosions of steam boilers and engines, pipes and machinery connected therewith, and breakage of flywheels or machinery, and to make and certify inspections thereof; and against loss of use and occupancy from any cause; against loss by burglary, theft, and forgery.

Sixth. Against loss or damage from failure of debtors to pay their obligations to the insured.

Seventh. Against loss from encumbrances on or defects in titles.

Eighth. Against loss or damage by theft, injury, sickness, or death of animals, and to furnish veterinary services.

Ninth. Against any loss or liability arising from any other casualty or hazard not contrary to public policy, other than that appertaining to or connected with (1) life insurance (including the granting of endowments and annuities), and (2) fidelity and surety bonding.

An insurance company organized for the transaction of one or more of the kinds of insurance permitted under subdivisions three to nine, inclusive, of this section, shall also, if complying with this Act, be admitted or licensed to write any or all insurance and reinsurance comprised in any one or more of the other subdivisions of this section: *Provided*, That nothing in this section shall be construed as preventing any insurance company, now formed, admitted, or licensed to transact insurance in the District, from continuing the writing of those kinds of insurance which it may have been authorized to write on the date when this Act goes into effect.

Every company formed, admitted, or licensed to transact in the District any of the kinds of insurance permitted by the several numbered subdivisions of this section shall maintain separate and distinct reserves for each kind of insurance so written, and if a stock company shall not transact the business of insurance in the District unless—

(a) It has a capital stock actually paid in, in cash or invested as provided by law, of at least \$100,000 for the insurance specified in any one subdivision of this section, nor unless it has a surplus of money or other lawful assets over its authorized capital and all other liabilities of at least \$50,000;

(b) With an additional \$50,000 of capital stock and \$25,000 of surplus for the insurance authorized by any other subdivision of this section and which may be transacted by such company;

(c) That every company writing more than one class of insurance, as authorized in the several subdivisions of this section, shall keep a separate account of all receipts in respect to each class of insurance, as directed by the superintendent, and the receipts in respect to each class of insurance shall be carried to and form a separate insurance fund with an appropriate name, which fund, exclusive of the capital stock and general surplus of the company, shall be as absolutely the security of the policyholders of that class as though it belonged to a company writing no other business than the insurance business of that class, and shall not be liable for any contracts of the company for which it would not have been liable had the business of the company been only that of insurance of that class, and shall not be applied, directly or indirectly, for any purposes other than those of the class of insurance to which the fund is applicable: *Provided*, That nothing in this subsection shall require the investments of any such fund to be kept separate from the investments of any other fund: *Provided further*, That nothing in this subsection shall be construed as preventing a company, at the end of each calendar year, from declaring dividends out of profits earned in any particular class of insurance, or from allocating such profits, either in part or in whole, to its general surplus: *And provided further*, That nothing in this section shall be applicable to companies now operating, or which shall

Burglary, etc.

Failure of debtors.

Title defects, etc.

Animal thefts, etc.

Casualty, other than life insurance, and fidelity and surety bonding.

Companies may include one or more classes of insurance.

Proviso.
Business of existing companies not disturbed.

Separate reserves to be maintained.

Stock companies.

Capital and surplus required.

Additional for other classes.

Separate accounting, etc., required for each class of insurance.

Restriction on use of fund.

Provisos.
Separate investment fund not necessary.

Declaration of dividends.

Not applicable to assessment companies.

Vol. 31, p. 1292.

Reinsurance companies.
Business authorized.

Proviso.
Capital and surplus to equal that of direct insurance companies.

Domestic mutual companies.
Number of applications and amount of insurance required to organize.

Advanced cash premiums required.

Employers' liability insurance.

Surplus.

Outside companies.

Capital stock companies.
Paid up capital and surplus required.

Without capital stock.
Invested surplus assets.

Mutual, other than life.
Surplus.

Under a foreign Government.
Surplus to be invested in the United States.

Deposit of securities with superintendent.

hereafter operate in the District, known as life, health, and accident companies, under section 653 of the code.

Corporations for the sole purpose of reinsuring risks insured by other companies may be organized, or admitted, within the District in the same manner as prescribed for other companies. Such reinsurance companies may transact business with any other insurer or reinsurer, and such reinsurance may include all classes of insurance that may be lawfully written: *Provided*, That any reinsurance company, organized or admitted to reinsure one or more of the enumerated classes of insurance, shall be required to have an aggregate capital and surplus equal to the capital and surplus provided by this section for the direct writing of each class of insurance, and shall be required to hold reserves in the same amount and manner as now required of other companies for each such class of insurance which, by the provisions of its charter, it is authorized to transact. Such reinsurance company shall comply with all other sections of this Act, and with any other law of the District, regulating direct-writing companies, in so far as the same may be applicable.

SEC. 4. That no domestic mutual company shall be organized or licensed within the District unless it has applications from at least two hundred persons for each class of insurance (as enumerated under the several subdivisions of section 3) it may be authorized to write aggregating not less than \$500,000, the maximum amount of insurance applied for in any application on any risk not exceeding one-half of 1 per centum of the aggregate amount, nor three times the average amount of insurance applied for in the several applications. No such mutual company shall be so licensed for any of the classes of insurance as allowed under the several subdivisions of section 3 unless it has received in cash, with respect to each such class of insurance written, at least one advanced periodical premium on each such application, aggregating at least \$10,000; but if the applications are for employers' liability or workmen's compensation insurance, the premiums on such applications shall aggregate at least \$25,000, and each employer shall be considered a separate risk; nor unless it has a surplus of \$10,000 in money or other lawful investments above its liabilities, including the liability equal to the aggregate amount of premiums so advanced.

SEC. 5. That an insurance company organized under laws other than the laws of the District and desiring to transact business in the District shall satisfy the superintendent that it has, if a capital stock company, a paid-up capital and a surplus of assets, invested in accordance with the laws of the State under which it is organized, over its entire authorized capital and all other liabilities, at least equal to the capital and surplus prescribed under section 3 of this Act for the writing of various kinds of insurance; and, if a company without capital stock or an interinsurance exchange, that it has a surplus of assets, invested according to the laws of the State under which it is organized, over all its liabilities, of \$100,000; or if a mutual company other than a life insurance company that it has a surplus over liabilities amounting to \$100,000, or in lieu thereof a surplus amounting to \$10,000 and an additional contingent liability of its policyholders equal to not less than the cash premium expressed in the policies in force; or if a company organized under a foreign Government, Province, or State, that it has a surplus of assets invested according to the laws of the District or of the State in the United States where it has its deposit, held in the United States in trust for the benefit and security of all its policyholders in the United States, over all its liabilities in the United States, of at least \$150,000, and, if writing more than one class of insurance as enumerated and allowed under section 3 of this Act, an additional \$75,000 for each such additional kind of insurance written; and such company so organized under the laws of a foreign Government or State shall also

either deposit with the superintendent securities of the amount and value of \$150,000 (or such larger amount as may be required by this section if the company writes more than one class of insurance) and of the classes in which insurance companies are permitted by this Act to make investments, or with the official of a State of the United States, authorized by the law of such State to accept such deposit, securities of the amount and value of \$150,000 (or such larger amount as may be required by this section if the company writes more than one class of insurance), of the classes in which life insurance companies of such State are permitted to make their investments, and such deposits shall be made for the benefit and security of all the policyholders of such company in the United States, and the company shall file with the superintendent the certificate of such official of any such deposit with such official of any such State.

With State official.

Certificate of the deposit to be filed.

TITLE III.—REINSURANCE.

Reinsurance.

SEC. 6. That every insurance or reinsurance company, authorized to transact insurance or reinsurance within the District, may reinsure any part of an individual risk in another company having power to make such reinsurance, and with the consent of the superintendent may reinsure all of its risks, within any class of insurance as enumerated under the several subdivisions of section 3 of this Act, in another company. But no credit shall be taken for the reserve or unearned premium liability on such reinsurance unless the company accepting the reinsurance is licensed by the superintendent, or unless it is licensed in one or more States in the United States and shows the same standards of solvency as would be required if it were at the time of such reinsurance authorized in the District to insure risks of the same kind as those reinsured.

Companies may reinsure any part of an individual risk.

All of its risks.

Limit on crediting reserve, etc.

In case such reinsurance is effected with an insurer so authorized, or so recognized for reinsurance in this District, the ceding insurer shall thereafter be charged on the gross premium basis with an unearned premium liability representing the proportion of each obligation retained by it, and the insurer to which the business is ceded shall be charged with an unearned premium liability representing the proportion of such obligation ceded to it calculated in the same way. The two parties to the transaction shall together carry the same reserve which the ceding insurer would have carried had it retained the risk.

Unearned premium liability divided between ceding and receiving insurer.

Reserve to be carried.

Schedules to be filed.

The superintendent shall require schedules of reinsurance to be filed by every insurer at the time of making the annual report and at such other times as he may direct.

TITLE IV.—UNEARNED PREMIUM RESERVE.

Unearned premium reserve.

SEC. 7. That with respect to marine insurance risks, the unearned premium shall be found by computing 50 per centum of the amount of premiums received and receivable on unexpired risks on time policies running one year or less from date of policy, and 100 per centum of the amount of premiums on all unexpired voyage and transit risks. As a basis for unearned premium reserves, unexpired voyage or transit risks shall be deemed to expire within thirty days on the average. Every insurance company shall so compute such unearned premium in its annual and other financial statements.

Method of computing.

TITLE V.—TAXES.

Taxes.

SEC. 8. That with the exception of license fees, real estate and personal property taxes, and a tax on investment income derived from funds representing reserves, capital stock and surplus as defined by this

Assessed on underwriting profit of marine insurance written in District of Columbia.

Act, every insurance company organized, admitted, or licensed to transact business within the District shall, with respect to marine insurance written by it within the District, be taxed only on that proportion of the total underwriting profit of the company from marine insurance written within the United States which the net premiums of the company from marine insurance written within the District bear to the total net marine premiums of the company written within the United States. The term "underwriting profit," as used herein, shall be arrived at by deducting from the premiums earned on marine insurance contracts written within the United States during the calendar year (1) the losses incurred and (2) expenses incurred, including all taxes, in connection with such business.

Computation of underwriting profits.

Premiums earned. Manner of calculating.

Premiums earned on marine insurance contracts written during the calendar year shall be arrived at as follows:

(1) Gross premiums on marine insurance contracts written during the calendar year, less return premiums and premiums paid for reinsurance.

(2) Add unearned premiums on outstanding marine business at the end of the preceding calendar year.

(3) Deduct unearned premiums on outstanding marine business at the end of the current calendar year.

Determination of losses.

Losses incurred, as used herein, shall mean gross losses incurred during the calendar year under marine insurance contracts written within the United States, less reinsurance claims collected or collectible and salvages or recoveries collected or collectible from any source applicable to aforesaid losses.

Expenses. Specific, including agency commissions, etc.

Expenses incurred shall include—

(1) Specific expenses incurred, consisting of all agency commissions, agency expenses, taxes, licenses, fees, loss-adjustment expenses, and all other expenses incurred directly and specifically for the purpose of doing a marine insurance business.

General, including salaries of officers, etc., not chargeable to a class of insurance.

(2) General expenses incurred, consisting of that proportion of general or overhead expenses, such as salaries of officers and employees, printing and stationery, all Federal Government taxes, and all other expenses not chargeable specifically to a particular class of insurance which the net premiums received from marine insurance bear to the total net premiums received by the company from all classes of insurance written during the current calendar year.

Annual itemized statement to be submitted.

SEC. 9. That every company transacting marine insurance in the District shall set forth in its annual statement to the superintendent, and in the form prescribed by him, all the items pertaining to its insurance business as enumerated and prescribed in the preceding section. To determine the basis of the tax on underwriting profit, every company which has been writing marine insurance for five years shall furnish the superintendent a statement of all of the aforementioned items, in the form prescribed by him, for each of the preceding five calendar years. A company which has not been writing marine insurance for five years shall furnish to the superintendent a statement of all the aforementioned items for each of the calendar years during which it has written marine insurance.

By companies in business for five years.

Less than five years.

Computation of tax.

If the superintendent finds the report of the company reporting correct, he shall, if the company has transacted marine insurance for five years, (1) ascertain the total average annual underwriting profit, as defined by this Act, derived by the company from its marine insurance business written within the United States during the last preceding five calendar years, (2) ascertain the proportion which the average net annual premiums of the company from marine insurance written by it in the District during the last preceding five calendar years bear to the average total net marine premiums of the company during the same five years, (3) compute an amount of 5 per centum on this proportion of the aforementioned average annual under-

Average annual profit in United States for five years.

Proportion of net premiums in the District.

Percentage on ascertained proportion.

writing profit of the company from marine insurance, and (4) charge the amount of tax thus computed to such company as a tax upon the marine insurance written by it in the District during the current calendar year. Thereafter the superintendent shall each year compute the tax, according to the method described in this section, upon the average annual underwriting profit of such company from marine insurance during the preceding five years, including the current calendar year; namely, at the expiration of each current calendar year, the profit or loss on the marine insurance business of that year is to be added or deducted, and the profit or loss upon the marine insurance business of the first calendar year of the preceding five-year period is to be dropped, so that the computation of underwriting profit for purposes of taxation under this Act will always be on a five-year average: *Provided, however,* That a company which has not been writing marine insurance in the District for five years shall, until it has transacted such business in the District for that number of years, be taxed on the basis of the annual average underwriting profit on marine insurance written within the United States during the preceding five years as averaged for all companies reporting to the superintendent for the current calendar year and which have been transacting marine insurance in the District for the past five years: *Provided further,* That, if at any time none of the companies reporting to the superintendent shall have written marine insurance in the District for five years, a company which has not been writing marine insurance in the District for five years shall be taxed on the basis of an annual average underwriting profit as averaged for all companies reporting to the superintendent for the number of years during which they have written marine insurance in the District, subject, however, to an adjustment in the tax as soon as the superintendent, in accordance with the provisions of this section, is enabled to compute the tax on the aforementioned five-year basis: *And provided further,* That in the case of mutual companies the superintendent shall not include in underwriting profit, when computing the tax prescribed by this section, the amounts refunded by such companies on account of premiums previously paid by their policyholders.

When the superintendent has computed the tax on a company's underwriting profit, he shall forthwith mail to the last known address of the principal office of such company a statement of the amount so charged against it, which amount the company shall pay to the collector of taxes within thirty days after receipt of such notice from the superintendent, and no further tax, except the taxes on investment income from funds representing reserves, capital stock, and surplus as prescribed by sections 10 and 11 of this Act and the license fee prescribed by section 13, shall be imposed by the District upon such company, or the agents thereof, for the privilege of transacting the business of marine insurance in the District.

SEC. 10. That, in addition to the tax on underwriting profit as prescribed under sections 8 and 9, every insurance company transacting business within the District shall, with respect to marine insurance written by it within the District, be taxed annually at the rate of 5 per centum on its average earnings on reserves for unpaid losses and unexpired premiums. The reserve for unpaid losses and unexpired premiums shall be arrived at by adding the unpaid loss and unexpired premium reserves on marine insurance risks, written within the District, at the beginning and end of the calendar year, and striking an average. Should any company not carry its unpaid loss and unexpired premium reserves separately for the District, then the tax provided under this section shall be applied to such proportion of the company's total unpaid loss and unexpired premium reserves as the net premiums of the company from marine insurance written

Amount to be charged for current year.

Similar method for each year thereafter.

Provisos. Computation if not five years in business, upon average of all companies.

Basis if no companies have been in business five years.

Computation of mutual companies.

Notice and payment of tax.

No further tax imposed. Exceptions.

Tax on average earnings of reserves.

Determination of.

Maximum tax.	within the District during the calendar year bear to the total net marine premiums of the company. Average earnings on reserves for unpaid losses and unexpired premiums shall be deemed, for the purpose of taxation under this section, to mean not more than 2 per centum of these reserves.
Tax on investment income from capital stock and surplus.	SEC. 11. That, in addition to the taxes, as prescribed under sections 8 to 10, inclusive, of this Act, every company organized under the laws of the District and transacting marine insurance therein shall, with respect to marine insurance written in the District, pay a tax of 2 per centum on its investment income from funds representing capital stock and surplus as shown by the company's annual statement. Such investment income shall, for purposes of taxation under this Act, be arrived at as follows: Add the gross assets at the beginning and end of the calendar year and strike an average. Add capital stock and surplus at the beginning and end of the year and strike an average. Ascertain the proportion which the average capital stock and surplus bears to average gross assets. Credit to investment income on capital stock and surplus such proportion of all income, except income taxed under section 10 of this Act, derived from interest, dividends, rents, and profits on sales or redemption of assets. Charge against investment income on capital stock and surplus such proportion of all losses on sales or redemption of assets.
Manner of determining.	Should a company subject to this tax be writing other classes of insurance, and the capital stock and surplus referred to herein relate to all the classes of insurance written without being specifically allocated to the several classes of insurance written, then such proportion of the investment income from funds representing capital stock and surplus, computed according to the method prescribed in the preceding paragraph of this section, shall be applicable to marine insurance for purposes of taxation under this section as the net premiums from marine insurance during the calendar year bear to the net premiums of the company from all the classes of insurance written.
Proportion, if writing other classes of insurance.	SEC. 12. That every company writing marine insurance in the District shall set forth in its annual statement to the superintendent, and in the form prescribed by him, all the items necessary to compute the taxes as prescribed under sections 10 and 11. If the superintendent finds the report of such company correct he shall compute the taxes as prescribed and charge the same to such company. Notification to companies by the superintendent of the amount of tax charged to them and the time and place of payment by the companies shall be the same as is required under section 9 relating to taxation of underwriting profit.
Items required in annual statement.	SEC. 13. That in lieu of all other license fees every company writing marine insurance in the District shall pay a single annual fee equal to \$100 if the assets of the company aggregate \$1,000,000 or under, to \$150 if the assets aggregate over \$1,000,000 and do not exceed \$5,000,000, and to \$200 if the assets exceed \$5,000,000. The manner and time of paying this single fee and its remittance to the collector of taxes shall be the same as prescribed under section 9 for the payment of taxes on underwriting profit.
Computation of tax, payment, etc.	SEC. 14. That if a company cease to do a marine insurance business in the District, it shall thereupon make report to the superintendent of the items pertaining to its marine insurance business, as enumerated and described by sections 8 to 13, inclusive, to the date of its ceasing to do business and not theretofore reported, and forthwith pay to the superintendent the taxes and annual license fee thereon, computed according to this Act.
Antes, p. 406.	SEC. 15. That if a company refuses to make any report for taxation or license fee purposes, or to pay taxes or license fees imposed upon it as required by this Act, it shall be liable to the United States
License fee.	
Payment.	
Report, etc., on ceasing to do marine insurance business.	
Penalty for refusing to report, pay tax, etc.	

for the amount thereof and a penalty of not more than \$200 per month for each month it has failed after demand therefor. Service of process in any action to recover such tax or penalty shall be made according to the requirements of the District law relating to actions brought against insurance companies by policyholders thereof.

Recovery.

SEC. 16. That none of the taxes or fees prescribed under sections 8 to 13, inclusive, shall be imposed upon business written within the District by "Syndicate B," a marine insurance syndicate created by agreement between the United States Shipping Board and the United States Shipping Board Emergency Fleet Corporation and a number of subscribing American marine insurance companies, under date of June 28, 1920, for the purpose of insuring all American steel steamships which the United States Shipping Board or United States Shipping Board Emergency Fleet Corporation may hereafter sell to others, to the full extent of the unpaid purchase price thereof, and also such other American steel steamships heretofore sold by said Shipping Board or by said Corporation as are acceptable for insurance to the Syndicate B subscribers.

"Syndicate B."
Provisions not applicable to, created by insurance companies and Shipping Board, etc.

SEC. 17. Nothing herein shall be construed so as to relieve any corporation organized or doing business under the provisions hereof from the payment of taxes on its income under the revenue laws of the United States.

Federal income tax not affected.

TITLE VI.—INVESTMENT OF ASSETS OF DOMESTIC COMPANIES.

Assets of domestic companies.

SEC. 18. That the cash capital of every domestic corporation transacting marine insurance in the District, required to have a capital, to the extent of the minimum capital required by this Act, shall be invested and kept invested in—

Investment of cash capital directed.

(1) Stocks or bonds of the United States, or of any State or of the District, or of any county, township, school, or other district or municipality in the United States, or Federal farm loan bonds, not estimated above their par value or their current market value.

Federal, State, municipal, etc., securities.

(2) Bonds or notes secured by mortgages or deeds of trust of improved unencumbered real estate, or perpetual leases thereof, in the United States, worth not less than 50 per centum more than the amount loaned thereon. Where improvements on land constitute part of the value on which the loan is made, the improvements shall be insured against fire for the benefit of the mortgagee in amount not less than the difference between two-thirds the value of the land and the amount of the loan.

Real estate mortgages, etc.

(3) Mortgage bonds of railroad companies in the United States and on which default in payment of interest has not occurred within five years prior to the purchase by the company.

Railroad mortgage bonds.

(4) Loans upon the pledge of such securities.

Loans on such collateral.
Outside companies.
Investment of cash capital.

The cash capital of every insurance corporation not organized under the laws of the District and transacting marine insurance in the District to the extent of the minimum capital required of a like domestic corporation shall be invested and kept invested in the same classes of securities specified in the preceding paragraph of this section for domestic insurance corporations, except that like securities of the home State or foreign country shall be recognized as legal investments for the amount of the minimum capital required. The residue of the capital and the surplus money and funds of every domestic insurance corporation over and above its capital, and the deposit that it may be required to make with the superintendent, may be invested in or loaned on the pledge of any of the securities specified in the preceding paragraph of this section; or in the stocks, bonds, or other evidence of indebtedness of any solvent institution incorporated under the laws of the United States, or of any State thereof, or of the District; or in such real estate as it is authorized by this Act to hold.

Domestic companies.
Investment of surplus over capital, etc.

Domestic mutual
companies.
Investment of assets.

The assets of every domestic mutual insurance corporation transacting marine insurance in the District to the extent of an amount equal to the minimum capital required of a like domestic stock corporation shall be invested and kept invested in the same class of securities specified for the investment of the minimum capital of like domestic stock insurance corporations. The residue of the assets of every domestic mutual insurance corporation, over and above said amount, may be invested in or loaned on the pledge of the same classes of securities or property as specified in this chapter for the investment or loan of the residue of the capital and the surplus money and funds of like domestic stock insurance corporations.

Investment in foreign securities for outside business.

A company doing business in a foreign country may invest the funds required to meet its obligations in such country in conformity to the laws thereof in the same kinds of securities in such foreign country as such company is allowed by law to invest in the United States.

Other securities, etc., in payment of debts.

Nothing in this Act shall prohibit a company from accepting in good faith, in order to prevent losses and to protect its interests, securities or property, other than herein referred to, in payment of or to secure debts due or to become due the company.

Real estate holdings permitted.

SEC. 19. That a domestic company may acquire, hold, and convey real estate only for the purpose and in the manner following:

Principal office building.

(1) The building in which it has its principal office and the land on which it stands.

Branch offices, etc.

(2) Such as shall be requisite for branch office or other business facilities necessary for its convenient accommodation in the transaction of its business.

Accommodations for business.

(3) Such as shall have been acquired for the accommodation of its business.

Mortgaged for loans.

(4) Such as shall have been mortgaged to it in good faith by way of security for loans previously contracted or for money due.

Received for debts.

(5) Such as shall have been conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

Purchased at mortgaged sales, etc.

(6) Such as it shall have purchased at sales on judgments, decrees, or mortgages obtained or made for such debts.

If not necessary for business to be sold in five years.

All such real estate specified in subdivisions (3), (4), (5), and (6) of this section which shall not be necessary for its accommodation in the convenient transaction of its business shall be sold by the company and disposed of within five years after it shall have acquired the title to the same, or within five years after the same shall have ceased to be necessary for the accommodation of its business, unless the company procure the certificate of the superintendent that its interests will suffer materially by a forced sale thereof, in which event the time for the sale may be extended to such time as the superintendent shall direct in such certificate.

Extension of time to prevent loss.

Merger of companies.

TITLE VII.—MERGER OF COMPANIES.

Permitted of two or more domestic companies.

SEC. 20. That any two or more corporations organized under the laws of the District, and transacting the business of marine insurance, may merge or consolidate into one corporation under the name of any title approved by the superintendent, but no mutual corporation or company shall be merged with a stock corporation or company. The corporations may enter into and make an agreement for such merger or consolidation, prescribing its terms and conditions, the amount of its capital, which shall not be larger in amount than the aggregate amount of capital of the merged or consolidated corporations, and the number of shares into which it is to be divided. Such agreement must be assented to by a vote of the majority of the number of directors of each corporation prescribed in its charter and must be approved by the votes of stockholders owning at

Agreement to be made.

Subject to assent of directors and stockholders.

least two-thirds of the stock of each corporation represented and voted upon in person or by proxy at a meeting, called separately for that purpose, upon a notice stating the time, place, and object of the meeting served at least thirty days previously upon each personally or mailed to him at his last known post-office address, and also published at least once a week for four weeks successively in some newspaper printed in the District. Every such agreement must have the approval of the superintendent before the details of said agreement may be carried into effect as provided therein.

Approval of superintendent.

The new corporation may require the return of the original certificates of stock held by each stockholder in each of the corporations to be merged or consolidated and issue in lieu thereof new certificates for such number of shares of its own stock as such stockholder may be entitled to receive. Upon such merger or consolidation all rights and property of the several companies shall become the property of the corporation composed of such companies, and the new corporation shall succeed to all the obligations and liabilities of the old corporations in the same manner as if they had been incurred or contracted by it. The stockholders of the old corporations shall continue subject to all the liabilities, claims, and demands existing against them at or before such merger or consolidation. No action or proceeding pending at the time of the consolidation, in which any or all of the old corporations may be a party, shall abate or discontinue by reason of the merger or consolidation, but the same may be prosecuted to final judgment in the same manner as if the merger or consolidation had not taken place, or the new corporation may be substituted in place of any corporation so merged or consolidated by order of the court in which the action or proceeding may be pending.

Issue of new stock certificates.

Rights and property transferred to new corporation.

Prosecution of pending actions against old corporations to continue.

TITLE VIII.—ESTABLISHMENT OF FOREIGN CONNECTIONS.

SEC. 21. That any domestic company authorized to write insurance or reinsurance within the District may establish and maintain one or more agencies beyond the United States for the transaction of its lawful business upon such terms and conditions as it may prescribe and may omit from its annual report the transactions by any such agency, if beyond the North American Continent, for six months previous to the time when the report is made, but such omitted transactions shall be included in the next annual report. If such company is required by the foreign nation within which it transacts business to make a deposit in the securities of its own Government, or otherwise, the excess of such deposit over the local reserve liability, computed according to the terms of this Act, shall be allowed as an asset in the company's home statement. The company shall also be allowed to include in its admitted assets all agents' balances in foreign countries which are collectible and which are not more than one hundred and eighty days past due.

Establishment of foreign connections.

Domestic companies may maintain agencies abroad.

Deposit of foreign securities allowed as assets, etc.

SEC. 22. That corporations engaged exclusively in the writing of insurance in foreign countries may be organized within the District in the same manner and under the same conditions as prescribed by this Act for companies writing risks within the United States. The capital stock of such insurance corporations may be owned by American corporations engaged in the same kind of insurance, and the holding companies shall be given credit for the stock thus owned as admitted assets when rendering their financial statements to the superintendent. Any corporation organized under this section shall pay taxes and fees as provided under Chapter V of this Act and shall comply with and receive the benefit of all other sections of this Act so far as the same may be applicable.

Insurance in foreign countries.

Companies may be organized exclusively for.

Stock holdings, etc.

Taxes, etc.
Ante, p. 405.

TITLE IX.—PROHIBITION OF UNAUTHORIZED INSURANCE—LICENSING OF BROKERS IN CERTAIN CASES.

Penalty for transacting marine insurance for unlicensed companies.

SEC. 23. That any insurance agent or broker, incorporated or unincorporated, or any other person, partnership, or corporation, who or which, with or without compensation, shall, in or from the District, act for or with, or aid, in any manner, either directly or indirectly, any other person, association, partnership, or corporation in soliciting, procuring, or transacting marine insurance with or from any corporation, partnership, association, Lloyd's, individual underwriters, or reinsurers not authorized by license of the superintendent to transact the business of insurance therein, and whether the subject matter of the insurance or reinsurance is or may be within or without the District, except as in this chapter hereinafter provided, shall be guilty of a misdemeanor and shall forfeit to the District the sum of not less than \$100 nor more than \$1,000 for each offense: *Provided*, That for the purposes of this chapter any office outside of the United States of an insurer organized under the laws of any foreign country, whether said insurer be licensed to do business in the United States or not, shall be deemed and held to be an insurer not authorized to transact the business of insurance in the District.

Proviso.
Office outside of United States deemed an unauthorized insurer.

Insurance brokers. Licenses issued to, for marine insurance business.

SEC. 24. That the superintendent, in consideration of the yearly payment of \$100, shall issue to any person or corporation who is trustworthy and is competent to transact a marine insurance business in such manner as to safeguard the interests of the insured and who maintains in this District a regular office for the transaction of an insurance brokerage business a license, revocable for cause by the superintendent, permitting the party named in such license to act within the District as agent for the assured or broker to solicit or negotiate or place contracts of marine insurance with corporations, partnerships, associations, Lloyd's, individual underwriters, and inter-insurers, which are not authorized to transact the business of insurance in this District, and shall renew the same annually, unless revoked for cause: *Provided*, That with respect to insurers organized under the laws of any foreign country and duly licensed to transact the business of insurance in any State or Territory of the United States and with respect to insurers organized under the laws of any State or Territory of the United States, said license shall not issue unless the superintendent shall be satisfied that said insurers show within the United States the same standards of solvency as would be required if said insurers were licensed at the time of issue of said license to transact the business of marine insurance in the District. Said license shall provide and the licensee thereunder shall agree that it may be revoked by the superintendent in his discretion in the event that said licensee does not comply with the terms and conditions of said license and of this chapter: *Provided*, That if a branch, associate, agent, correspondent, or head office of any broker so licensed by the superintendent, or such broker, shall, outside of this District, do or perform any of the acts or things forbidden to an unlicensed broker in this District the superintendent may, in his discretion, cancel and revoke the license of such licensee: *Provided, however*, That nothing herein contained shall authorize any person or corporation so licensed to act as insurer or guarantee the performance of any agreement, instrument, or policy of insurance or reinsurance as aforesaid or countersign or issue in the District any agreement, policy, or other instrument of such insurance unless such person or corporation so licensed shall have complied with the provisions of this Act.

Provisos.
Restrictions, if transacting business of outside companies.

Cancellation for prohibited acts.

Compliance with provisions of Act required.

Business requirements.

SEC. 25. That any person or corporation holding such license from the superintendent who shall do or perform any or all of the aforesaid acts in connection with marine insurance with any corporation, person, partnership, association, Lloyd's, individual underwriters, or

interinsurers, which are not authorized by license of the superintendent to transact such business in the District, shall (1) maintain in good faith an office in the District, (2) keep in said office a complete book of record of the marine insurance transacted by, through, or with his or its assistance with unauthorized insurers, showing (a) a brief description or identification of the subject matter and kind of the insurance, (b) the voyage insured, or, if for time, the date of such insurance going into effect and the date of its termination, (c) the name of the beneficial insured, (d) the amount insured with unauthorized insurers, (e) the rate of premium, (f) the gross premium payable therefor. Such book of record shall also contain statements in the same details of all such insurances canceled or on which premiums have been increased or reduced (including laying-up returns) and the amounts of additional or of return premiums thereon; (3) keep in said office such additional record of the insurance, including the names of the corporations, partnerships, associations, persons, Lloyd's, underwriters, or interinsurers and the amount insured by each. The books of record and all supplementing records shall be open at all times to the inspection of and examination by the superintendent of insurance or anyone appointed by him for said purpose. The data as herein outlined shall be furnished to the superintendent within one month following his request therefor and upon the form furnished by him. Such classified records of any licensee reporting shall be regarded by the superintendent as intended solely for the information of the District and Federal Governments and shall not be revealed to any person not authorized by law to receive the same. Any person or persons in position to acquire the aforesaid information who shall, either while in office or after leaving office, reveal such information to any person or corporation not legally authorized to receive the same shall be guilty of a misdemeanor and subject, upon conviction, to a fine of \$2,000 or imprisonment for one year, or to both such fine and imprisonment. Any licensee under this chapter failing to report such classified records within the time limit prescribed by this section shall forfeit to the District \$200 per month for each month he has failed.

Office in the District.
Record book of business transacted.
Details required.

Additional records.

Inspection, etc.

Records confidential.

Punishment for illegally revealing information.

Penalty for failing to report records.

SEC. 26. That each person or corporation to whom such a license as broker shall be issued shall, before transacting business thereunder, execute and deliver to the superintendent a bond in the penal sum of not less than \$5,000, with such surety or sureties as the superintendent shall require and approve, conditioned that the said broker will faithfully comply with all the requirements of this chapter.

Surety bond required.

TITLE X.—KEEPING OF CLASSIFIED RECORDS.

SEC. 27. That every insurance company organized or admitted to write marine insurance within the District shall keep a classified record of all its marine insurance transactions in the United States, setting forth for each calendar year the volume of risks and the premiums involved with respect to (1) hull and time freight insurance; (2) cargo and voyage freight insurance and other voyage interests; (3) builders' risk insurance; (4) reinsurance ceded to American companies; (5) reinsurance ceded to American branch offices of alien admitted companies; (6) reinsurance ceded to any foreign office of alien admitted companies and reinsurance ceded to nonadmitted alien insurers; (7) reinsurance received from American companies; (8) reinsurance received from any foreign office of admitted alien companies and reinsurance received from alien nonadmitted insurers. The data as herein outlined shall be furnished to the superintendent within two months following his request therefor and upon the form furnished by him. Such classified records of any individual company reporting shall be regarded by the superintendent as intended solely for the information of the District and Federal Governments, and shall

Records.

Details of transaction to be kept.

Data to superintendent.

Records confidential.

Punishment for illegally revealing information. **not be revealed to any person not authorized by law to receive the same.** Any person or persons in position to acquire the aforesaid information who shall, either while in office or after leaving office, reveal such information to a competitor shall be guilty of a misdemeanor and subject upon conviction to a fine of \$2,000, or imprisonment for one year, or to both such fine and imprisonment. Any company or admitted branch office failing to report such classified records within the time limit prescribed by this section shall forfeit to the District \$200 per month for each month it has failed.

Penalty for failure to report records.

Penalties.

TITLE XI.—PENALTIES.

For violations, non-compliances, etc.

SEC. 28. That any person, corporation, association, or partnership who violates any of the provisions of this Act, or fails to comply with any duty imposed upon him or it by any provision of this Act, for which violation or failure no penalty is elsewhere provided by this Act or by the laws of the District, shall upon conviction thereof be fined not exceeding \$500.

No person excused from testifying, etc.

SEC. 29. That no person shall be excused from attending and testifying or producing any books, papers, or other documents before any court or magistrate upon any investigation, proceeding, or trial for a violation of any of the provisions of this Act upon the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate or degrade him; but no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may so testify or produce evidence, documentary or otherwise, and no testimony so given or produced by him shall be used against him upon any criminal investigation, proceeding, or trial.

Personal criminal immunity.

Clerical, etc., expenses.

TITLE XII.—CLERICAL ASSISTANCE AND DEPARTMENTAL EXPENSES.

Amounts authorized for.

SEC. 30. For the purpose of carrying out the provisions of this Act the superintendent of insurance is authorized to appoint, in addition to the present force, an examiner at \$3,000 per annum, a clerk-stenographer at \$1,800 per annum, and to increase the contingent expenses of the Insurance Department in the sum of \$800.

TITLE XIII.—UNCONSTITUTIONALITY OF PART OF ACT NOT TO AFFECT THE REMAINDER.

Conflicting laws superseded. Invalidation of any section, etc., not to affect remainder of Act.

SEC. 31. That this Act shall supersede the provisions of any other law of the District in conflict therewith. Should any section or provision of this Act be held unconstitutional or invalid, the constitutionality or validity of the Act as a whole or of any part thereof, other than the part so held unconstitutional or invalid, shall not be affected.

Amendment.

SEC. 32. That the right to alter, amend, or repeal this Act is hereby reserved.

Approved, March 4, 1922.

March 8, 1922.
[H. R. 244.]
[Public, No. 163.]

CHAP. 94.—An Act To provide for the disposition of abandoned portions of rights of way granted to railroad companies.

Public lands. Rights of way, etc., granted to railroads on, transferred to owners of land occupied when abandoned.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever public lands of the United States have been or may be granted to any railroad company for use as a right of way for its railroad or as sites for railroad structures of any kind, and use and occupancy of said lands for such purposes has ceased or shall hereafter cease, whether by for-