

46 Stat. 630.
19 U. S. C. § 1001,
par. 412.
46 Stat. 683.
19 U. S. C. § 1201,
par. 1798.
Exemption on cer-
tain purchases abroad.

imported racing shells imposed by paragraph 412 of the Tariff Act of 1930 shall be suspended until January 1, 1949.

SEC. 2. (a) Paragraph 1798 of the Tariff Act of 1930, as amended, is hereby amended by inserting, after the sixth proviso, the following: "*Provided further*, That in addition to the exemption authorized by the fourth preceding proviso, a returning resident who has remained beyond the territorial limits of the United States for a period of not less than twelve days, shall be permitted to bring into the United States up to but not exceeding \$300 in value of articles (excluding distilled spirits, wines, malt liquors and cigars) acquired abroad by such resident of the United States as an incident of the foreign journey for personal or household use or as souvenirs or curios, but not bought on commission or intended for sale, free of duty: *Provided further*, That any subsequent sale, within three years after the date of the arrival of such returning resident in the United States, of articles acquired and brought into the United States pursuant to the provisions of the immediately preceding proviso shall subject the returning resident declaring the articles to double the import duty which would have been collected had this additional exemption not been in effect: *Provided further*, That the additional exemption authorized by the second preceding proviso shall apply only to articles declared in accordance with regulations to be prescribed by the Secretary of the Treasury by such returning resident who has not taken advantage of the said exemption within the six-month period immediately preceding his return to the United States:."

Sale of articles.

Six-month limita-
tion.

Effective date.

(b) The amendment made by subsection (a) shall be effective with respect to articles declared on or after the day following the date of enactment of this Act.

Approved May 19, 1948.

[CHAPTER 324]

AN ACT

To provide for regulation of certain insurance rates in the District of Columbia, and for other purposes.

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

SECTION 1. DEFINITIONS.—In this Act, unless the context otherwise requires—

"District." "District" means the District of Columbia.

"Superintendent." "Superintendent" means the Superintendent of Insurance of the District of Columbia.

"Insurance." "Insurance" includes (but is not limited to) fidelity, surety, and guaranty bonds.

"Company." "Company" means any insurer, whether stock, mutual, reciprocal, interinsurer, Lloyd's, or any other form or group of insurers.

"Policy." "Policy" means an insurance policy or contract as defined by Public Law 824, Seventy-sixth Congress, approved October 9, 1940.

54 Stat. 1064.
D. C. Code §§ 35-1303.
"Agent." "Agent" means and shall include any individual, copartnership, or corporation acting in the capacity of or licensed as a "policy-writing agent", "soliciting agent", or "salaried company employee" as defined by the Act entitled "An Act to provide for the regulation of the business of fire, marine, and casualty insurance, and for other purposes", approved October 9, 1940.

SEC. 2. SCOPE OF ACT.—This Act shall apply to all forms of casualty, motor vehicle, explosion, sprinkler leakage, and inland marine insurance in the District and to all forms of insurance within the scope of said Act approved October 9, 1940, except those forms of insurance not enumerated herein which are within the scope of the Act entitled "An Act to provide for the regulation of certain insurance rates in the

54 Stat. 1065.
D. C. Code § 35-
1303.

54 Stat. 1063.
D. C. Code §§ 35-
1301 to 35-1350.

May 20, 1948
[H. R. 3908]
[Public Law 541]

Insurance rates,
D. C.

"District."

"Superintendent."

"Insurance."

"Company."

"Policy."

54 Stat. 1064.
D. C. Code §§ 35-1303.
"Agent."

54 Stat. 1065.
D. C. Code § 35-
1303.

54 Stat. 1063.
D. C. Code §§ 35-
1301 to 35-1350.

District of Columbia, and for other purposes", approved June 1, 1944: *Provided*, That this Act shall not apply to reinsurance other than joint reinsurance to the extent provided in this Act, and shall not apply to: (a) Insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance policies; (b) title insurance; (c) accident and health insurance; (d) insurance against loss of or damage to aircraft or to liability, other than workmen's compensation and employers' liability, arising out of the ownership, maintenance, or use of aircraft; (e) to insurance issued to self-insurers and insuring against loss in excess of at least \$10,000 resulting from any one accident or event, except when rates therefor are made by a rating organization.

SEC. 3. MAKING OF RATES.—(a) Rates for insurance within the scope of this Act shall not be excessive, inadequate, or unfairly discriminatory.

(b) Due consideration shall be given to past and prospective loss experience within and outside the District, to physical hazards, to safety and loss prevention factors, to underwriting practice and judgment, to catastrophe hazards, if any, to a reasonable margin for underwriting profit and contingencies; to dividends, savings, or unabsorbed premium deposits allowed or returned by companies to their policyholders, members, or subscribers; to past and prospective expenses both country-wide and those specially applicable to the District; to whether classification rates exist generally for the risks under consideration; to the rarity or peculiar characteristics of the risks; and to all other relevant factors within and outside the District.

(c) Nothing in this section shall be taken to prohibit as unfairly discriminatory the establishment of classifications or modifications of classifications of risks based upon the size, expense, management, individual experience, location or dispersion of hazard, or any other reasonable considerations attributable to such risks provided such classifications and modifications apply to all risks under the same or substantially similar circumstances or conditions.

(d) Nothing in this Act shall be construed to require uniformity in insurance rates, classifications, rating plans, or practices.

(e) Nothing in this Act shall abridge or restrict the freedom of contract of companies, agents, brokers, or employees with reference to the commissions or salaries to be paid to such agents, brokers, or employees by companies.

(f) Rates may become effective immediately upon filing or at such future time as the company or rating organization making them may specify. They shall thereafter remain in effect unless and until changed by the company or rating organization making them, or adjusted by order of the Superintendent in accordance with the provisions of this Act. Rates for contracts or policies described in the last sentence of subsection (c) of section 4 of this Act may become effective when made and filing thereof shall be made promptly thereafter.

(g) No company, agent, or broker shall make, issue, or deliver, or knowingly permit the making, issuance, or delivery of any policy of insurance within the scope of this Act contrary to pertinent filings which are in effect for the company as provided in this Act, except that upon the written application of the insured stating his reasons therefor, filed with and approved by the Superintendent, a rate in excess of that provided by a filing otherwise applicable may be used on any specific risk.

SEC. 4. SUPERVISION OF RATES.—(a) On and after July 1, 1948, every company shall file with the Superintendent, either directly or through a licensed rating organization of which it is a member or subscriber,

58 Stat. 267.
D. C. Code, Supp.
VI, §§ 35-1401 to 35-1409.
Nonapplicability.

Losses; risks.

Classification of risks.

Uniformity in rates, etc.

Commissions or salaries.

Effective date of rates.

Post, p. 244.

Excessive rates.

except as to rates on inland marine risks which are not made by a rating organization and which by general custom of the business are not written according to manual rates or rating plans, all rates and rating plans, rules, and classifications which it uses or proposes to use in the District.

Investigations.

(b) Whenever it shall be made to appear to the Superintendent, either from his own information or from complaint of any party alleging to be aggrieved thereby, that there are reasonable grounds to believe that the rates on any or on all risks or classes of risks or kinds of insurance within the scope of this Act are not in accordance with the terms of this Act, it shall be his duty, and he shall have the full power and authority, to investigate the necessity for an adjustment of any or all such rates.

Adjustments.

Written notice of hearing.

(c) After such an investigation of any such rates, the Superintendent shall, before ordering any appropriate adjustment thereof, hold a hearing upon not less than ten days' written notice specifying the matters to be considered at such hearing, to every company and rating organization which filed such rates, provided the Superintendent need not hold such hearing in the event he is advised by every such company and rating organization that they do not desire such hearing. If after such hearing the Superintendent determines that any or all of such rates are excessive or inadequate, he shall order appropriate adjustment thereof. Pending such investigation and order of the Superintendent, rates shall be deemed to have been made in accordance with the terms of this Act. No order of adjustment shall affect any contract or policy made or issued prior to the effective date of such order unless (i) the adjustment to be effected is substantial and exceeds the cost to the companies of making the adjustment and (ii) the order is made after the prescribed investigation and hearing and within thirty days after the filing of rates affected. In no event shall an order of adjustment affect an existing contract or policy other than one of workmen's compensation or automobile liability insurance required by law, order, rule, or regulation of a public authority, or a contract or policy of any type as to which the rates are not, by general custom of the business or because of rarity and peculiar characteristics, written according to normal classification or rating procedure.

Prior contracts.

Ante, p. 243.

(d) In determining the necessity for an adjustment of rates, the Superintendent shall be bound by all of the provisions of section 3 of this Act.

Removal of discrimination.

(e) The Superintendent is further empowered to investigate and to order removed at such time and in such manner as he shall specify any unfair discrimination existing between individual risks or classes of risks.

SEC. 5. COOPERATIVE AND CONCERTED ACTION AUTHORIZED.—Subject to the provisions of this Act, two or more companies may cooperate or act in concert with each other—

(a) as a rating organization, for the purpose of making rates, rating plans, or rating systems. No company shall be deemed to be a rating organization;

(b) as an advisory organization, for the purpose of preparing policy forms, making underwriting rules, surveys, or inspections incident to but not including the making of rates, rating plans or rating systems, or collecting and furnishing to companies or rating organizations loss or expense statistics or other statistical data, and acting in an advisory as distinguished from a rate making capacity;

(c) as a group or fleet of companies operating under the same general management and control, for the purpose of conducting a complete insurance service;

(d) as a group, association, or other organization for the purpose of joint underwriting or joint reinsurance, or of equitable apportionment and proper rating of insurance which may be afforded applicants who are in good faith entitled to but who are unable to procure such insurance through ordinary methods.

No company shall be required by this Act to be a member or subscriber of any rating organization.

SEC. 6. COOPERATIVE AND CONCERTED ACTION REGULATED.—(a) Every group, association, or other organization of companies authorized to act as such under the terms of this Act, except groups or fleets described in subsection (c) of section 5, shall file with the Superintendent (1) a copy of its constitution, its articles of agreement or association, or its certificate of incorporation, and of its bylaws, rules, and regulations governing the conduct of its business; (2) a list of its members and subscribers, if any; (3) the name and address of a resident of the District upon whom notices or orders of the Superintendent or process affecting it may be served; and shall notify the Superintendent promptly of any change in the foregoing.

(b) No group, association, or organization shall engage in any unfair or unreasonable practice in the conduct of its business.

(c) No rating organization shall conduct its business with respect to insurance on risks located within the District without a license from the Superintendent. To obtain such a license, a rating organization shall, in addition to the matters specified in subsection (a) of this section, supply to the Superintendent a statement relating to its qualifications as a rating organization and its ability adequately to administer the rates, rules, and regulations which it may make in behalf of its members and subscribers.

License to operate
in D. C.

If the Superintendent finds that the applicant is competent, trustworthy, and otherwise qualified to act as a rating organization, he shall forthwith issue a license specifying the kinds of insurance and subdivisions thereof for which the applicant is authorized to act as a rating organization, but, if the Superintendent does not so find within thirty days after he has received such application, he shall, at the request of the applicant, give the applicant a full hearing.

Licenses issued pursuant to this section shall remain in effect until suspended or revoked by the Superintendent unless voluntarily surrendered by the rating organization. The fee for said license shall be \$250 and shall be paid by the applicant through the Superintendent to Collector of Taxes, District of Columbia. Licenses issued pursuant to this section may, at the request of the rating organization, be amended by the Superintendent so as to include authority with respect to additional kinds of insurance and subdivisions thereof, provided the rating organization satisfies the Superintendent that such amendment would not in any way be contrary to or inconsistent with the provisions of this Act: *Provided*, That an additional fee in the amount of \$50 shall be charged for such amendment.

Fee.

Amendment of li-
cense.

Fee.

Suspension or revo-
cation.

The license of any rating organization may be suspended or revoked by the Superintendent for failure to comply with this Act or for incompetence or untrustworthiness. The Superintendent shall not revoke or suspend the license of any rating organization until he has given it not less than thirty days' notice of the proposed revocation or suspension and of the grounds alleged therefor and has afforded the rating organization an opportunity to be heard. In lieu of revoking or suspending the license of any rating organization after hearing and for the causes named herein, the Superintendent may subject such rating organization to a penalty of not more than \$250 when in his judgment he finds that the public interest would be best served by the continued operation of the rating organization. The amount of any such penalty shall be paid by the rating organization through the Superintendent to Collector of Taxes, District of Columbia.

Penalty.

Subscribers.

(d) Every licensed rating organization shall, subject to reasonable rules and regulations, permit any company not a member to be a subscriber to its rating services for any kind of insurance or subdivision thereof for which it is authorized to act; shall give notice of changes in such rules and regulations to its subscribers; and shall furnish its rating services without discrimination to its members and subscribers.

Agreements, etc.

(e) No licensed rating organization shall adopt any rule, effect any agreement, or take any action contrary to or inconsistent with the provisions of this Act or which would have the effect of prohibiting, restricting, or regulating the payment or allowance by any of its members or subscribers of dividends, savings, or unabsorbed premium deposits; nor practice or sanction any plan or act of boycott, coercion, or intimidation; nor enter into or sanction any contract or act by which any person is restrained from lawfully engaging in the business of insurance.

Deviation from filings.

(f) Every member of or subscriber to a licensed rating organization shall adhere to the filings made on its behalf by such organization except that any such member or subscriber may deviate from such filings if it has filed with the rating organization and with the Superintendent the deviation to be applied and information necessary to justify the deviation and provided such deviation is approved by the Superintendent. If approved, the deviation shall remain in force until such approval is withdrawn by the Superintendent after notice to the company or withdrawn by the company with the approval of the Superintendent. The Superintendent shall approve any such deviation unless he finds that the deviation to be applied would not be uniform in its application or would be inconsistent with the provisions of this Act, but unless he approves the deviation within thirty days he shall, within a reasonable time, grant a hearing to the applicant at the applicant's request.

Approval by Superintendent.

SEC. 7. INFORMATION TO BE FURNISHED BY COMPANIES.—(a) Every rating organization and every company which makes its own rates shall, within a reasonable time after receiving written request therefor and upon payment of such reasonable charge as it may make, furnish to any insured affected by a rate made by it, or to the authorized representative of such insured, all pertinent information as to such rate.

Hearing of grievances.

(b) Every rating organization and every company which makes its own rates shall provide within the District reasonable means whereby any person aggrieved by the application of its rating system may be heard, in person or by his authorized representative, on his written request to revise the manner in which such rating system has been applied in connection with the insurance afforded him. If the rating organization or company fails to grant or reject such request within thirty days after it is made, the applicant may proceed in the same manner as if his application had been rejected. Any party affected by the action of such rating organization or such company on such request may, within thirty days after written notice of such action, appeal to the Superintendent, who, after a hearing held upon not less than ten days' written notice to the appellant and to such rating organization or company, may affirm or reverse such action.

Withholding information.

(c) No company, agent, broker, or rating organization may willfully withhold required information from or give false or misleading information to the Superintendent.

(d) No company, agent, or broker shall fail to furnish to an insured any policy or comparable evidence of insurance to which the insured is entitled.

SEC. 8. AUTHORITY AND DUTY OF SUPERINTENDENT.—In addition to any powers hereinbefore expressly enumerated in this Act, the Superintendent shall have full power and authority, and it shall be his duty,

to enforce by regulations, orders, or otherwise all and singular, the provisions of this Act, and the full intent thereof. In particular he shall have the authority and power—

Authority of Superintendent.

(a) to examine all records of companies and rating organizations and to require any or every company, agent, broker, and rating organization to furnish under oath such information as he may deem necessary for the administration of this Act. The expense of such examination shall be paid by the company or rating organization examined. In lieu of such examination the Superintendent may, in his discretion, accept a report of examination made by any other insurance supervisory authority;

(b) to make and enforce such reasonable orders, rules, and regulations as may be necessary in making this Act effective, but such orders, rules, and regulations shall not be contrary to or inconsistent with the provisions of this Act;

(c) to issue an order, after a full hearing to all parties in interest requiring any group, association, or organization of companies and the members thereof to cease and desist from any unfair or unreasonable practice;

(d) The Superintendent may designate one or more rating organizations or other agencies to assist him in gathering statistical data and in making such compilations thereof as may be necessary for the proper administration of this Act. Such compilations shall be made available, subject to reasonable rules promulgated by the Superintendent, to companies and rating organizations.

The Superintendent shall have no authority at any hearing to compel the attendance of witnesses and he shall not be required to adhere to formal rules of pleading or evidence. At the request of a party or parties in interest made prior to any hearing, he shall administer oaths to witnesses and shall permit such party or parties, at the cost and expense of one who so requests, to have made a record of the hearing, which record upon request of such party or parties the Superintendent shall certify.

Oaths, etc.

SEC. 9. PENALTIES.—Any company, broker, or agent guilty of violating any of the provisions of this Act or any order, rule, or regulation issued pursuant to this Act, shall be subject to the provisions of sections 3 and 36, respectively, of chapter II, of said Act approved October 9, 1940, as amended.

54 Stat. 1066, 1079.
D. C. Code §§ 35-1306, 35-1340; Supp. VI, §§ 35-1306, 35-1340.

SEC. 10. JUDICIAL REVIEW.—Any person, firm or corporation aggrieved by any order, ruling, proceeding, or action of the Superintendent may contest the validity of such order, ruling, proceeding, or action in any court of competent jurisdiction by appeal or through any other appropriate proceedings, as provided under section 45, chapter II, of said Act approved October 9, 1940.

SEC. 11. REPEALS.—All laws or parts of laws, insofar as they relate to business affected hereby and are in conflict with any of the provisions of this Act, are hereby repealed: *Provided*, That this Act shall not be construed as repealing or amending the Act entitled "An Act to amend an Act entitled 'An Act to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes', approved June 29, 1938", approved December 15, 1942.

54 Stat. 1082.
D. C. Code § 35-1349.

SEC. 12. UNCONSTITUTIONALITY.—If any section or provision of this Act is held unconstitutional or invalid, the validity of the Act as a whole or of any part thereof, other than the part decided to be unconstitutional or invalid, shall not be affected.

56 Stat. 1051.
D. C. Code, Supp. VI, § 44-301.

SEC. 13. EFFECTIVE DATE.—This Act shall become effective thirty days after approval.

Approved May 20, 1948.