

MAINE STATE LEGISLATURE

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March 5, 1946

To Guy R. Whitten, Deputy Commissioner, Insurance

Referring to your memo of February 14th, relating to the Maine mutual fire insurance companies writing insurance on the assessment plan, in which you state that the policy holder signs a premium note, the sum of which shall be determined by the directors, but which shall not be less than 5% of the amount insured, and such part of it as the by-laws require shall be immediately paid and endorsed thereon. In addition to this charge, a policy fee ranging from \$1.00 to \$1.25 is paid to the company representative and agent, which you state in your opinion represents the commission for writing the policy, as commissions are paid out of the premium charged for the insurance:-

You ask my advice on this matter, whether this policy fee should be subject to taxation under the insurance laws. The Courts have held that fees are a reward or wages given in return for services, the word being held synonymous with percentage or commission. City of Pittsburgh vs. Grenett, 238 Pa. 567. It seems to me that "fees" in this connection should be used synonymously with "commissions."

Ralph W. Farris
Attorney General

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