

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

Sixty-Second Legislature.

HOUSE.

No. 88.

[NEW DRAFT.]

STATE OF MAINE.

IN THE YEAR OF OUR LORD ONE THOUSAND EIGHT HUNDRED AND
EIGHTY-FIVE.

AN ACT to regulate the admission of Foreign Surety
Companies to do business in this State.

*Be it enacted by the Senate and House of Representatives
in Legislature assembled, as follows:*

SECT. 1. Any company, incorporated and legally organized under the laws of any foreign country, or of any State of the United States, other than the State of Maine, for the purpose of transacting business as surety on obligations of persons or corporations, may transact such business in this State upon complying with the provisions of this act, and not otherwise.

SECT. 2. No surety company not incorporated under the authority of this State shall, directly or indirectly, take risks or transact business in this State until it shall have first appointed, in writing, the Insurance Commissioner of Maine to be the true and lawful attorney of such company in and

6 for this State, upon whom all lawful process, in any action
7 or proceeding against the company, may be served with
8 the same effect as if the company existed in this State,
9 Said power of attorney shall stipulate and agree on the
10 part of the company that any lawful process against the
11 company which is served on said attorney shall be of the
12 same legal force and validity as if served on the company,
13 and that the authority shall continue in force so long as
14 any liability remains outstanding against the company in
15 this State. A certificate of such appointment, duly certified
16 and authenticated, shall be filed in the office of the said In-
17 surance Commissioner, and copies certified by him shall be
18 received in evidence in all the courts of this State. Ser-
19 vice upon such attorney, or upon any duly appointed
20 agent of the company within this State, shall be deemed
21 sufficient service upon the company.

SECT. 3. Whenever lawful process against a surety com-
2 pany shall be served upon said Insurance Commis-
3 sioner, he shall forthwith forward a copy of the process
4 served on him, by mail, postpaid, and directed to the
5 secretary of the company. For each copy of process, the
6 Insurance Commissioner shall collect the sum of two dol-
7 lars, which shall be paid by the plaintiff at the time of
8 such service, the same to be recovered by him as part of
9 the taxable costs, if he prevails in the suit.

SECT. 4. No person shall act within this State, as agent
2 or otherwise, in procuring or securing applications for
3 suretyship upon the bond of any person or corporation,
4 or aid in transacting the business of such suretyship for
5 any company incorporated or organized under the laws of
6 any other State or country, unless such company is pos-

7 sessed of two hundred and fifty thousand dollars capital,
8 and unless at least one hundred thousand dollars of said
9 capital is invested in stocks or securities created by the
10 laws of the United States, or in other safe stocks or
11 securities, the value of which, at the time of such deposit,
12 shall be at or above par, and deposited with the insur-
13 ance commissioner, auditor, comptroller, or chief financial
14 officer of the State under whose laws such company is in-
15 corporated; and in case of a company incorporated under
16 the laws of a foreign country, such deposit shall be made
17 with any of the officers above designated in the State of
18 New York, or in any of the New England States; and
19 unless the Insurance Commissioner is furnished with the
20 certificate of such insurance commissioner, auditor, comp-
21 troller, or chief financial officer aforesaid, under his hand
22 and official seal, that he, as such insurance commissioner,
23 auditor, comptroller, or chief financial officer of such
24 State, holds in trust for the benefit of all obligees of
25 such company, the deposit before mentioned; which cer-
26 tificates shall embrace the items of security so held, and
27 shall state that he is satisfied that such securities are worth
28 one hundred thousand dollars.

SECT. 5. Every person who shall so far represent any
2 surety company established in any other State or country,
3 as to receive or transmit applications for suretyship, or to
4 receive for delivery bonds founded on applications for-
5 warded from this State, or otherwise to procure surety-
6 ship to be effected by such company upon the bonds of
7 persons or corporations in this State, or upon bonds given
8 to persons or corporations in this State, shall be deemed
9 as acting as agent for said company, and shall be subject

10 to the restrictions and liable to the penalties herein made
11 applicable to agents of such companies.

SECT. 6. Every such company, before transacting any
2 business as aforesaid, shall deposit with the Insurance
3 Commissioner a copy of its charter, and also a statement,
4 signed and sworn to by the president and secretary of the
5 company, stating the amount of its capital and the man-
6 ner of its investments, designating the amount invested
7 in mortgage, in public securities, in the stock of incor-
8 porated companies, stating what companies, and also the
9 amount invested in other securities, particularizing each
10 item of investment, the amount of existing bonds upon
11 which such company is surety, stating what portion there-
12 of is secured by the deposit with such company of collat-
13 eral security, the amount of premium thereon, and the
14 amount of liabilities, specifying therein the amount of
15 outstanding claims adjusted or unadjusted, due or not
16 due; and thereupon said commissioner may grant a
17 license, authorizing said company to transact surety busi-
18 ness in this State subject to its laws, until the first day of
19 July next following, and such license may be renewed
20 annually thereafter.

SECT. 7. Every such company shall, in the month of
2 January, annually, also deposit with the said Insurance
3 Commissioner a similar statement of its capital, assets and
4 liabilities, and the investments and risks as aforesaid, to be
5 made up to the thirty-first day of December next preceding,
6 signed and sworn to as above directed, and the Insurance
7 Commissioner, in his annual report, shall publish an abstract
8 thereof.

SECT. 8. No person shall act as agent as aforesaid for
2 any such surety company in this State, unless the capital
3 stock of the company which he represents amounts to the
4 sum of two hundred and fifty thousand dollars actually
5 paid in in money and invested, exclusive of any obliga-
6 tions of the stockholders of any description.

SECT. 9. No person shall act as agent of any such
2 surety company until such company and such agent shall
3 have complied with all the requirements of the laws of
4 this State relating to such companies and their agents,
5 and every person acting without such compliance shall be
6 fined one hundred dollars.

SECT. 10. The Insurance Commissioner shall annually
2 examine the statements and returns required to be made
3 by the companies as aforesaid, and if in his opinion any
4 return shall be obscure, defective or unsatisfactory, he
5 shall immediately require answers under oath from the
6 officer or officers by whom such obscure, defective or un-
7 satisfactory return shall have been made, to such inter-
8 rogatories as he may deem necessary or proper in
9 order to explain such return, and exhibit a full and
10 accurate view of the business and resources of the
11 company.

SECT. 11. Every company the officers of which shall
2 refuse or neglect to answer such interrogatories for the
3 space of thirty days, may be suspended from transacting
4 business in this State until satisfactory answers are made
5 by them.

SECT. 12. The Insurance Commissioner, either per-
2 sonally, or by a committee appointed by him, consisting
3 of one or more persons not directors, officers or agents

4 of any surety company doing business in this State, may
5 at any time examine into the affairs of such surety com-
6 panies. The officers or agents of such companies shall
7 exhibit their books to said Commissioner or committee,
8 and otherwise facilitate such examination, and the Commis-
9 sioner or committee may examine, under oath, the officers
10 and agents of such companies in relation to their affairs ;
11 and said Commissioner shall, if he deems it necessary or
12 proper, publish the result of such investigation in one
13 or more newspapers published in the State. Whenever it
14 shall appear to the said Commissioner, from the state-
15 ment or from an examination of the affairs of any surety
16 company, not incorporated under the authority of this
17 State, that such company is insolvent, or is conducting its
18 business fraudulently, or refuses or neglects to comply
19 with the laws of the State relating to surety companies,
20 it shall be the duty of said Commissioner to revoke the
21 license issued to such company and its agents, and he
22 shall cause a notice thereof to be published in one or
23 more newspapers published in this State, and the agent
24 or agents of such company, after such notice, shall trans-
25 act no further business in this State. All the expenses
26 of an examination made under the provisions of this
27 section shall be paid to the Commissioner by the company
28 examined.

SECT. 13. The Insurance Commissioner shall report to
2 the Attorney General the violation of any provision of
3 this act, which shall come to his knowledge, and the
4 Attorney General shall institute proper legal proceed-
5 ings in the name of the State, against any person or
6 company violating any such provision.

SECT. 14. Every surety company, not incorporated in
2 this State, applying for admission to transact business
3 therein, shall pay to the Insurance Commissioner, for the
4 use of the State upon filing a copy of its charter or deed
5 of settlement and statement preliminary to admission, a
6 license fee of twenty dollars, and a like sum annually for
7 each renewal of said license, and for filing each annual
8 statement after admission, the sum of twenty dollars, and
9 for each agent's certificate, annually, the sum of one
10 dollar. Said companies shall also pay on or before the
11 first day of May, annually, a tax of two per cent upon
12 all premiums received in excess over losses actually paid
13 during the year on contracts made in the State, and over
14 rebates on premiums allowed to persons guaranteed.
15 Said tax to be assessed and paid in accordance with the
16 provisions of section sixty-one of chapter six of the re-
17 vised statutes.

STATE OF MAINE.

IN HOUSE OF REPRESENTATIVES, }
February 13, 1885. }

Reported from Committee on Mercantile Affairs and Insurance, in new draft, by Mr BURRILL; ordered printed under joint rule.

NICHOLAS FESSENDEN, *Clerk.*