

MAINE STATE LEGISLATURE

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EIGHTY-FIFTH LEGISLATURE

Legislative Document

No. 246

S. P. 283

In Senate, Feb. 3, 1931.

Referred to Committee on Mercantile Affairs and Insurance and 500 copies ordered printed. Sent down for concurrence.

ROYDEN V. BROWN, Secretary.

Presented by Senator Story of Aroostook.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE HUNDRED AND THIRTY-ONE

AN ACT Relating to Limit of Insured's Deposit on Mutual Policies.

Be it enacted by the People of the State of Maine, as follows:

Percentage reduced in certain cases. Section thirty-six of chapter sixty, of the revised statutes, is hereby amended by inserting in the third line of said section after the word "insured" the following words: 'provided that in case the risk is situated within five hundred feet of a public hydrant the percentage may be reduced to three per cent,' so that said section as amended shall read as follows:

'Sect. 36. Assessments on premium notes and contracts of insurance; limits of liability to be stated. The insured, before receiving his policy, shall deposit his note for the sum determined by the directors, which shall not be less than five per cent of the amount insured, provided that in case the risk is situated within five hundred feet of a public hydrant the percentage may be reduced to three per cent, and such part of it as the by-laws require, shall be immediately paid and endorsed thereon; and the remainder in such instalments as the directors from time to time require for the payment of losses and other expenses, to be assessed on all who are members when such losses or expenses happen, in proportion to the amounts of their notes. Provided, that a mutual company which collects

a cash premium of not less than the tariff rate charged by stock companies may take a premium note for an equal amount and such companies shall maintain a premium reserve equal to fifty per cent of the cash premium on its policies in force. No domestic mutual insurance company shall insure in one risk an amount exceeding twenty-five per cent of its gross assets, including the amount at any time due on its premium notes. Any mutual company in place of the premium note required by law may provide in the policy of insurance as a condition of the insurance made by the policy that the insured and legal representatives shall pay in addition to the stipulated premium of such policies such sum as may be assessed by the directors of the company pursuant to the laws of this state but such contingent liability of a member shall not be less than an amount equal to the cash premium written in his policy. The total amount of the liability of the policyholder shall be plain and legibly stated upon the filing back of each policy.'