

MAINE STATE LEGISLATURE

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N I N E T Y - S I X T H L E G I S L A T U R E

Legislative Document

No. 1261

S. P. 447

In Senate, March 4, 1953.

Referred to Committee on Business Legislation. Sent down for concurrence and ordered printed.

CHESTER T. WINSLOW, Secretary.

Presented by Senator Dennett of York.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FIFTY-THREE

AN ACT Providing a Uniform Deposit Law for Insurance Companies.

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

Sec. 1. R. S., c. 56, § 42, repealed and replaced. Section 42 of chapter 56 of the revised statutes is hereby repealed and the following enacted in place thereof :

“Sec. 42. Definitions. “Alien insurer” means any insurer incorporated or organized under the laws of any country other than the United States.

“Domestic insurer” means any insurer incorporated or organized under the laws of this state.

“Foreign insurer” means any insurer incorporated or organized under the laws of any state as herein defined, other than this state.

“Insurer” shall mean any insurance company except a life insurance company, and shall include any reciprocal or inter-insurance exchange.

“Policyholders” as used in sections 42 to 42-E, inclusive, include claimants under the insurer’s policies, claimants having claims which arise under or by reason of the insurer’s policies and obligees under its surety contracts.

“State” means any state of the United States, the territory of Alaska, the territory of Hawaii, the government of Puerto Rico and the District of Columbia.

“United States” means the states of the United States, the territories of Alaska and Hawaii, the government of Puerto Rico and the District of Columbia.’

Sec. 2. R. S., c. 56, §§ 42-A - 42-E, additional. Chapter 56 of the revised statutes is hereby amended by adding thereto 5 new sections to be numbered 42-A to 42-E, inclusive, to read as follows:

‘Sec. 42-A. Deposit. No foreign or alien insurer now or hereafter authorized to transact business in this state, except a life insurance company, shall do such business unless it shall deposit and continuously maintain with the insurance commissioner of this state, or with an official of some other state of the United States, designated by law to accept such deposit, cash or securities having an admitted asset value of not less than \$100,000.

Such deposit shall be held for the benefit and protection of all the policyholders of such insurer in the United States. If the deposit is made with an official of some other state, the commissioner shall be furnished with and shall accept as evidence of deposit the certificate of such state officer under his hand and seal certifying that he holds such deposit for the benefit and protection of all the policyholders of such insurer in the United States.

Sec. 42-B. When state used as state of entry. In the event any domestic insurer or alien insurer using this state as a state of entry into the United States shall be required, pursuant to the laws of any other state, country, province, district or territory to make a deposit differing in amount or character from the deposit required of domestic insurers by the laws of this state, such insurer may deposit with the commissioner cash or securities of the kind and amount sufficient to enable the insurer to meet such requirement, and the commissioner shall issue a certificate as evidence of such deposit for filing with an official of such other state, country, province, district or territory.

Sec. 42-C. Depositary. Upon request of the insurer the commissioner may designate any solvent trust company or other solvent financial institution having trust powers domiciled in this state, as the commissioner’s depositary to receive and hold any such deposit. Any such deposit so held shall be at the expense of the insurer. The state of Maine shall be respon-

sible for the safekeeping and return of all funds and securities deposited with the commissioner or in any such depository so designated by him.

Sec. 42-D. Insurer privileges. So long as the insurer remains solvent and complies with the provisions of sections 42 to 42-E, inclusive, it may:

- I. Demand, receive, sue for and recover the income from securities or cash deposited in accordance with the provisions of sections 42 to 42-E, inclusive.
- II. Exchange and substitute for the deposited cash or securities or any part thereof, cash or eligible securities of equivalent or greater value, and
- III. Inspect, at reasonable times, any deposit made in accordance with the provisions of sections 42 to 42-E, inclusive.

Sec. 42-E. Deposit release. Any deposit made in this state under the provisions of sections 42 to 42-E, inclusive, shall be released and returned:

- I. To the insurer upon extinguishment by reinsurance or otherwise of all liability of the insurer for the security of which the deposit is held; or
- II. To the insurer to the extent such deposit is in excess of the amount required; or
- III. Upon proper order of a court of competent jurisdiction to the receiver, conservator, rehabilitator, liquidator of the insurer, or to any other properly designated official or officials who succeed to the management and control of the insurer's assets.

No such release shall be made except upon application to and the written order of the commissioner. The commissioner shall have no personal liability for any such release of any such deposit or part thereof so made by him in good faith.

Any deposit made in accordance with the requirements of sections 42 to 42-E, inclusive, shall be in lieu of any deposit heretofore required of a foreign or alien insurer under any other law of this state, and any such law is hereby repealed. Deposits made by foreign or alien insurers in compliance with the requirements of such other laws of this state shall be released to the insurer upon compliance with the requirements of section 42-A.'