

# MAINE STATE LEGISLATURE

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March 18, 1943

Mr. L. A. Jack,  
Lisbon Falls, Maine.

Dear Lew,

I have your letter of March 17 enclosing a copy of a letter which you sent to the Insurance Commissioner under the same date. I notice in the fourth paragraph of your letter to the Insurance Commissioner you say that "The mutuals of Maine will be in a damned nice mess when the so-called big mutuals (who admit they are out to eat up the little mutuals) start their arguments."

I have read rather carefully the language you refer to, and to me it does not seem at all obscure. What the practical result may be is something that only you experienced executives can determine. I know just enough about insurance to know that I don't know anything about it, or at least not enough to make any very pertinent, concrete suggestions along a line such as this.

"Total deficiency" means to me the entire deficiency which the company suffers from the amount of surplus as set out in Section 2-A or B. The provision of the last sentence in Section 2 means to me that if a company has a deficiency of 3x dollars and its business is both in assessable and non-assessable policies and the assessable policies issued represent 1x dollars of its business, then the assessable policies will stand 1x dollars of the deficiency. If this interpretation is not correct, please enlighten me immediately. If the interpretation is correct, but such an interpretation will work to the detriment of our local mutuals, please enlighten me.

I wish you would send a copy of your reply to Mr. Perkins. I will send a copy of this letter to him, and then there will be no time lost in both of us being in on the full discussion by reason of one or other of us being out of town.

Mr. Farrington has called to my attention the fact that this proposed law apparently applies only to domestic mutuals. What, if anything, should be the attitude of the State in applying the same provisions and requirements to policies written by foreign mutuals?

Sincerely yours,

Frank I. Cowan  
Attorney General

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