

# MAINE STATE LEGISLATURE

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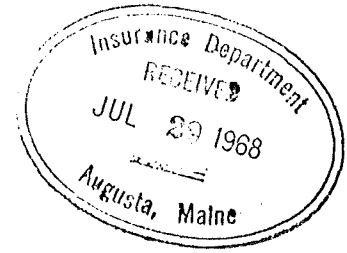
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SHIRLEY BOYD WILLIAMS  
ROBERT D. WILLIAMS  
PHILIP L. WILLIAMS

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SUITE 933 WHITE-HENRY-STUART BUILDING  
SEATTLE, WASHINGTON 98101

AREA CODE 206  
TELEPHONE MAIN 3-0110

August 25, 1968



Hon. Frank M. Hogerty, Jr.  
Insurance Commissioner  
State of Maine  
Augusta, Maine 04330

Dear Commissioner Hogerty:

Pursuant to our telephone discussion of earlier this week, major areas and the proposed chapters of the proposed Maine Insurance Code, as far as we have now gone, are as follows:

AREA I  
ADMINISTRATION AND GENERAL REQUIREMENTS OF INSURERS

Chapter 1 - General Definitions and Provisions.

The primitive draft has already been furnished to the Commission.

Chapter 3 - The Commissioner.

The primitive draft has already been furnished to the Commission.

Chapter 5 - Authorization of Insurers and General Requirements.

The primitive draft has already been furnished to the Commission.

Chapter 7 - Fees and Taxes.

The primitive draft has already been furnished to the Commission.

Chapter 9 - Kinds of Insurance, Limits of Risk and Reinsurance.

This is a standard chapter defining the basic kinds of insurance - that is - life, health, casualty, property, surety, title, marine and transportation, with a subdefinition of "wet marine." Both limit of risk and reinsurance provisions will reflect Maine requirements.

AREA II  
ACCOUNTING AND FINANCIAL

Chapter 11 - Assets and Liabilities.

This is a "standard" chapter embracing basic definitions of assets, requirements as to reserves of various kinds, including the Standard Valuation Law for life insurance, and the basis of valuation of various assets.

Chapter 13 - Investments.

Primitive draft has already been furnished the Commission

Chapter 15 - Administration of Deposits.

This is substantially a standard chapter which we have already adapted to meet the desired situation in Maine. Chapter caption indicates the scope of the subject.

AREA III  
REPRESENTATIVES AND FIELD OPERATIONS

Chapter 17 - Agents, Brokers, Consultants and Adjusters.

Primitive draft has been furnished the Commission.

Chapter 19 - Surplus Lines.

This is a standard chapter with minor variations to reflect Maine standards.

Chapter 21 - Unauthorized Insurers.

This is a standard chapter made up of the Unauthorized Insurers Process Act and Unauthorized Insurers False Advertising Act, with clarifications and strengthening.

Chapter 23 - Trade Practices.

This is a standard chapter made up of the Uniform Trade Practices Act with supplemental provisions, and reflecting Maine variations.

AREA IV  
RATES AND CONTRACTS

Chapter 25 - Rates and Rating Organizations.

This is a standard chapter which will be made up of the existing Maine rating law with some standard supplementation.

Chapter 27 - The Insurance Contract.

This is a standard chapter dealing with insurance contracts of all kinds as to general aspects and which will reflect Maine variations in some provisions.

Chapter 29 - Life Insurance Contracts.

This is a standard chapter made up of standard provisions of life policies and certain annuity contracts together with the standard Nonforfeiture Law and supplemental provisions. An up-dated draft of the Maine nonforfeiture law will be used and Maine variations may be reflected in other provisions. This is a combination chapter covering both ordinary and industrial policies.

Chapter 31 - Group Life Insurance Contracts.

This is a standard chapter which will reflect Maine variations as to the subject matter.

Chapter 33 - Health Insurance Contracts.

This is a standard chapter containing the standard provision requirements for health insurance policies, with up-dating wherever possible.

Chapter 35 - Group Health Insurance Contracts.

This is a standard chapter covering group and blanket health insurance policies with up-dating wherever possible.

Chapter 37 - Credit Life and Credit Health Contracts.

This is a standard chapter with up-dating wherever possible.

Chapter 39 - Casualty Insurance Contracts.

This is a usually short chapter, and will reflect Maine provisions, if any, as to automobile, liability, and other casualty contracts.

Chapter 41 - Property Insurance Contracts.

This will contain provisions relative to standard fire policy and any other provisions relating to property insurance coverages, as such.

Chapter 43 - Surety Insurance Contracts.

This is a short chapter containing provisions, if any, in the existing insurance code relative to surety contracts.

Chapter 45 - Title Insurance Contracts.

This is a usually short chapter on the title subject containing provisions, if any, in the existing Maine law on the subject.

AREA V  
INSURER ORGANIZATIONS

Chapter 47 - Organization, Corporate Powers, Procedures of Domestic  
Legal Reserve Stock and Mutual Insurers.

This is a long, unique chapter. The primitive draft is in preparation and will be furnished to the Commission.

Chapter 49 - Continuity of Management.

This chapter will embrace the existing standard Maine law on the subject.

Chapter 51 - Domestic Mutual Assessment Fire Insurers.

This will be a special chapter incorporating the present Maine law as to the insurers designated, with such correlation as to the rest of the code with clarification and updating as may be needed. We expect to have the draft of this chapter in the hands of the Commission before the proposed August review.

Chapter 53 - Reciprocal Insurers.

This is a standard chapter providing for the organization of this type of insurance organization.

Chapter 55 - Fraternal Benefit Societies.

This is a standard chapter making use of the model fraternal code with some updating as compared with existing Maine law.

Chapter 57 - Medical, Hospital, Service Corporations.

This chapter will be made up of the existing Maine law on the subject with such changes as may be authorized by the Commission.

AREA VI  
DELINQUENCY PROCEEDINGS

Chapter 59 - Delinquent Insurers.

This is largely a standard chapter made up of the Insurers Liquidation Act with supplemental provisions, and with provisions recently resulting from the study of Professor Kimball and staff for the State of Wisconsin.

AREA VII  
SUPPLEMENTARY SUBJECTS

Chapter 61 - Insurance of Public Employees and Property.

This chapter will be made up of the few existing provisions in the Maine code relating to the subject.

Chapter 63 - Unclaimed Funds of Life Insurance Companies.

This is a new standard chapter making use of the model law on the subject.

Chapter 65 - Motor Clubs.

This chapter will incorporate the present Maine law on the subject.

Chapter 67 - Lightning Rods.

This chapter will incorporate the one or two provisions in the existing Maine Insurance Code on the subject.

Chapter 69 - Transitory Provisions.

Hon. Frank M. Hogerty, Jr.  
July 25, 1968  
Page 5

This is a standard chapter containing carry-over provisions necessary because of the enactment of an entire new body of statutes.

As indicated in connection with the so-called "standard" chapters, we will incorporate therein Maine variations where found or desired. We will review related Maine provisions in connection with each of these chapters.

As is apparent from the foregoing listing, there is a vast amount of material to be put together for the complete Maine Insurance Code. The critical areas and those with which the Commission will be most concerned are those embraced in the chapters which will be furnished to the Commission in primitive draft form. All chapters will, of course, be prepared for publication in the preliminary published draft; and the Commission, as well as others interested, will have a much longer and better opportunity to review them than would otherwise be possible if the pre-legislative hearings are to be held before the Legislature convenes. Any changes desired by the Commission can be made in the draft following the pre-legislative hearings, and at that time the Commission will have had the additional benefit of hearing from others concerned.

Inasmuch as the logistics of getting the drafts ready for publication are enormous, we are already typing plates on some of the standard chapters, in some cases leaving section numbers and section references blank for later insertion when our drafting reaches the subject.

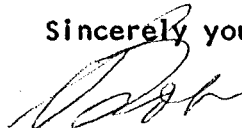
Be assured that the procedures followed will not in any way impair the quality of the final product.

About three dozen sections of chapter 47 should be ready for mailing to you for distribution to the Commission within the next day or so. Because of the importance of this chapter, we are forwarding sections as they are ready rather than waiting for completion of the entire chapter, thereby giving the Commission more time for review.

Pursuant to our telephone discussion, I tentatively plan to be in Maine for the week of August 25th.

With my kindest regards.

Sincerely yours,



ROBERT D. WILLIAMS

RDW/df

# STATE OF MAINE

Inter-Departmental Memorandum Date July 30, 1968

All Members of the  
To Insurance Law Revision Commission

Dept. \_\_\_\_\_

From Frank M. Hogerty, Jr., Commissioner

Dept. Insurance

Subject Primitive Draft - Insurance Law Revision

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Attached is a July 25 letter received from Bob Williams which will be of interest to all members of the Commission since it outlines the entire proposed revision on a primitive draft basis. There were many questions on this subject during our last meeting and, obviously, this will answer some of the questions raised.



\_\_\_\_\_  
Frank M. Hogerty, Jr.  
Commissioner

FMH Jr/cfp  
Att.

# STATE OF MAINE

Inter-Departmental Memorandum Date August 19, 1968

All Members of the  
Insurance Law Revision Commission

Dept. \_\_\_\_\_

From Kenneth P. MacLeod, Chairman

Dept. \_\_\_\_\_

Subject Meeting - August 27th through August 29th

Chief Counsel Bob Williams will be with us next week. Our meetings are scheduled for Tuesday, Wednesday and Thursday, August 27, 28 and 29.

I cannot over-emphasize the importance of these meetings and hope you all will be in attendance.

*Kenneth P. MacLeod*  
Kenneth P. MacLeod, Chairman

P.S. Attached are copies of the minutes of the last two meetings.



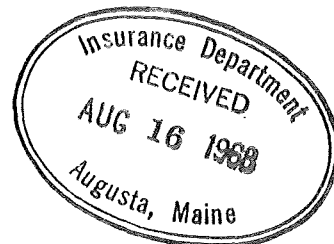
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August 13, 1968

Hon. Frank M. Hogerty, Jr.  
Insurance Commissioner  
State of Maine  
State House  
Augusta, Maine 04330



Dear Commissioner Frank:

Herewith the primitive draft of proposed chapter 51 of the Revised Code dealing with domestic mutual property insurers.

As heretofore indicated, we have encountered difficulty in putting this chapter together owing in part to the highly confused state of the existing law and to inadequate information as to how these insurers actually handle themselves under the existing law.

From the point of view of a successful code this is one of our most important chapters and one that we will certainly want to be well done. We will be depending upon Mr. Scott and other members of the Commission who may have special knowledge of the operations of these insurers to assist us in making necessary adjustments of context. It would be highly advantageous if we could settle the material issues as to this chapter in the coming conferences with the Commission in the last week of this month. If the Commission deems it advisable or useful, it might be wise to ask several additional representatives of the domestic mutual fire insurers to sit with the Commission for the consideration of this material. It would not be wise to publish in the preliminary draft a chapter containing unsuitable provisions.

As stated at the beginning of the chapter our purpose is generally to preserve the rights and immunities of these insurers with such changes as may be deemed advisable by the Commission, but above all to present the law in a well organized and clearly expressed manner.

This is the last chapter which will be forwarded prior to the coming discussions with the Commission. We are, however, moving ahead in preparation of additional chapters for publication, with such special provisions and adaptations as may be indicated because of Maine usages and preferences.

I will be in your office in Augusta on Monday morning August 26th.

With my best regards.

Sincerely yours,

  
ROBERT D. WILLIAMS

RDW/df  
Incs.

SHIRLEY BOYD WILLIAMS  
ROBERT D. WILLIAMS  
PHILIP L. WILLIAMS

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TELEPHONE MAIN 3-0110

August 12, 1968

Hon. Frank M. Hogerty, Jr.  
Insurance Commissioner  
State of Maine  
State Office Building  
Augusta, Maine 04330



Dear Commissioner Hogerty:

Herewith primitive drafts of proposed Subchapters III and IV, of Chapter 47 - Organization, Corporate Powers, Procedures of Domestic Legal Reserve Stock and Mutual Insurers - dealing with subjects as follows:

- Subchapter III - Provisions Applying to Stock and Mutual Insurers.
- Subchapter IV - Conversion, Amalgamation and Dissolution.

The preliminary drafting of proposed Chapter 51 - that dealing with domestic mutual insurers other than life - is ready for typing and should be transmitted during the present week. Chapter 51 has been difficult to put together owing to the confusion which appears to exist in the present law, so I do hope that when the chapter is received by Commission Members they will view it, as intended, as a basis of consideration and not as a definitive draft. It has been my purpose in the chapter to retain the present law as to existing insurers in essential respects.

In considering proposed chapter 51, it would be helpful if we had a better knowledge of the mutual companies involved. Would it be possible for your office to put together a tabulation for the information of the members of the Commission, as well as myself, incorporating the following items with respect to each domestic mutual fire insurance company:

- (1) Name and address of company.
- (2) Date commenced business.
- (3) Kinds of insurance being transacted.
- (4) Geographic area being served.
- (5) Admitted assets as at 12-31-67.
- (6) Surplus as to policyholders as at 12-31-67.
- (7) Amount of guaranty capital outstanding, if any.
- (8) Amount of surplus notes or certificates, if any, outstanding.

*Chart prepared  
by [unclear]  
from the [unclear]  
8/13/68*

Hon. Frank M. Hogerty, Jr.  
August 12, 1968  
Page 2

- (9) Plan on which business transacted; that is, whether cash premium or assessment plan.
- (10) Amount of premiums written in 1967.

The above information could probably be put up in tabular form on accounting paper, with the various items heading columns across the page and the data appearing opposite the name of the company in the first left-hand column.

My travel schedule will bring me to Augusta on Sunday evening, August 25. Would you be so kind as to ask your secretary to reserve for me a standard single room at Augusta House for late arrival that night? I will probably stay in Augusta during the entire visit and presently plan to return home on the following Friday afternoon. I will be prepared to spend such time with you and the Commission as may be required. The discussions are certain to be interesting and I look forward to them with keenest anticipation.

With best regards.

Sincerely yours,



ROBERT D. WILLIAMS

RDW/df  
Encls.

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# STATE OF MAINE

Inter-Departmental Memorandum Date July 30, 1968

All Members of the  
To Insurance Law Revision Commission

Dept. \_\_\_\_\_

From Frank M. Hogerty, Jr., Commissioner

Dept. Insurance

Subject Primitive Draft - Insurance Law Revision

Attached is a July 25 letter received from Bob Williams which will be of interest to all members of the Commission since it outlines the entire proposed revision on a primitive draft basis. There were many questions on this subject during our last meeting and, obviously, this will answer some of the questions raised.



Frank M. Hogerty, Jr.  
Commissioner

FMH Jr/cfp  
Att.

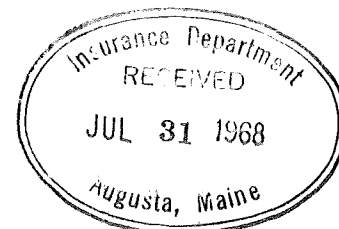
cc H.S.  
HET

SHIRLEY BOYD WILLIAMS  
ROBERT D. WILLIAMS  
PHILIP L. WILLIAMS

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July 29, 1968



Hon. Frank M. Hogerty, Jr.  
Insurance Commissioner  
State of Maine  
Augusta, Maine 04330

Dear Commissioner Frank:

Herewith subchapters I and II of Chapter 47 of the Maine Insurance Code revision. Chapter 47 is captioned ORGANIZATION, CORPORATE POWERS, PROCEDURES OF DOMESTIC LEGAL RESERVE STOCK AND MUTUAL INSURERS. Chapter 47 will be divided in the following subchapters:

- Subchapter I - ORGANIZATION AND GENERAL POWERS.
- Subchapter II - PROVISIONS APPLYING ONLY ON MUTUAL INSURERS.
- Subchapter III - PROVISIONS APPLYING TO STOCK AND MUTUAL INSURERS.
- Subchapter IV - CONVERSION, AMALGAMATION AND DISSOLUTION.

This is one of the major chapters of the code from the point of view of domestic insurers and is one that should be given most intense scrutiny. ✓

I have commenced working on chapter 51 - dealing with domestic mutual property insurers and am somewhat stumped at this point. Although sometimes referred to as mutual assessment fire companies, it appears that these insurers can operate on a cash premium or assessment basis and can under present laws operate in fields other than life. At this point new cash premium mutuals will be formed under chapter 47. Proposed chapter 51 will deal with the existing companies and will preserve for them such powers and immunities as they now enjoy, subject to the desires of the Commission.

I have received Chairman MacLeod's letter relative to meetings on Tuesday and Wednesday, August 27 and 28 and I am making my own plans accordingly. I will probably come to Augusta on Monday, August 26. I presume the meetings will be held in Augusta as heretofore.

Time is flying and we have much yet to accomplish. We are putting together additional material as fast as possible and the typists are also being kept busy.

It will be good to see you again in Augusta.

With my kindest regards.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Rob".

ROBERT D. WILLIAMS

RDW/df  
Encls.

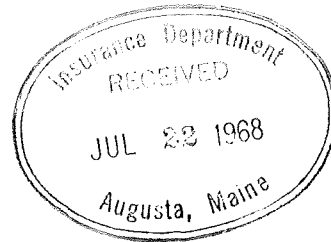
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July 19, 1968

Hon. Frank M. Hogerty, Jr.  
Insurance Commissioner  
State of Maine  
State Office Building  
Augusta, Maine 04330



Dear Commissioner Frank:

Herewith originals of primitive draft of proposed Chapter 17 of the Maine Insurance Code revision, that dealing with agents, brokers, consultants and adjusters, made up of the following <sup>sub-</sup> chapters:

- (1) Subchapter I - Licensing Procedures and General Requirements.
- (2) Subchapter II - General Lines Agents and Brokers - Qualifications and Requirements.
- (3) Subchapter III - Life Agents and Brokers - Qualifications and Requirements.
- (4) Subchapter IV - Insurance Consultants - Qualifications and Requirements.
- (5) Subchapter V - Insurance Adjusters - Qualifications and Requirements.

These are important topics. A number of matters remain for decision by the Commission, of which note is made in connection with certain of the subchapters.

We are now commencing work on provisions dealing with organization and powers of domestic insurers, which promises to be an interesting subject - especially as regards the existing domestic insurers organized under special charter granted by the Legislature. I have done some research on the subject but cannot as yet say that I have reached satisfactory conclusions.

With best personal regards.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Bob", written over the typed name.

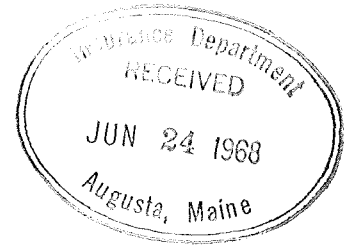
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June 21, 1968



Hon. Frank M. Hogerty, Jr.  
Insurance Commissioner  
State of Maine  
State House  
Augusta, Maine

Dear Frank:

By this time you are probably well settled from your trip to the Far West and have managed to get all of the lava dust of Mt. Hood out of your shoes. I had to leave the convention early because of professional commitments and although I returned for a short while on Wednesday, I was unable to find you at that time.

Nevertheless, herewith original of the primitive chapter 13 - Investments - for reproduction and distribution to the members of the Commission.

We will continue to give as much time to the Maine work as we possibly can in order to meet the schedule suggested to you when we were together in Portland, Oregon.

We will go to Nevada early next week and remain there for about ten days while getting the preliminary draft of the Nevada revision to the printer. I will again be in touch with you upon my return from Nevada.

Best regards.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Bob Williams".

ROBERT D. WILLIAMS

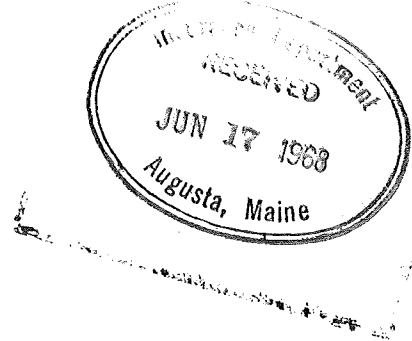
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June 13, 1968



Hon. Frank M. Hogerty, Jr.  
Insurance Commissioner  
State of Maine  
State Office Building  
Augusta, Maine 04330

Dear Commissioner Frank:

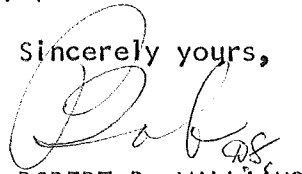
Herewith the originals of the following chapters of the  
Maine Insurance Code revision:

- (1) Chapter 5 - Authorization of Insurers and  
General Requirements
- (2) Chapter 7 - Fees and Taxes

Chapters 9 and 11 are so-called "standard" chapters and  
will be furnished in time for printing the preliminary draft.  
We are now working on chapter 13 - Investments - and should  
finish it by early next week. In the meantime I will be see-  
ing you in Portland, Oregon, and we will have discussed these  
and other matters.

Incidentally I am finding the set of Maine statutes which  
were furnished me through Harold to be of great use. I refer  
to them in connection with many provisions.

Sincerely yours,

  
ROBERT D. WILLIAMS

RDW/df  
Encls.



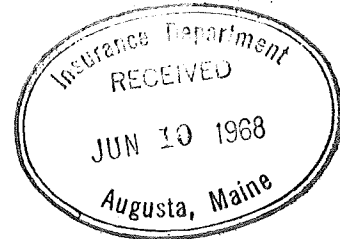
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TELEPHONE MAIN 3-0110

June 7, 1968

Hon. Frank M. Hogerty, Jr.  
Insurance Commissioner  
State of Maine  
State Office Building  
Augusta, Maine 04330



Dear Commissioner Frank:

Herewith original copies of the first two chapters of the Maine Insurance Code revision as follows:

Chapter 1 - General Definitions and Provisions.

Chapter 3 - The Insurance Commissioner.

It is my understanding that you will Xerox these originals and distribute copies to the members of the Commission and other officials concerned. I have found it advisable to punch these pages for a standard three-ring binder before distribution.

We would have no objection to any interested person examining copies in our possession but I have found it inadvisable to distribute these first drafts beyond those officially responsible within the government. Otherwise we may have to spend time quashing unfounded rumors before the Commission has had an opportunity to review the material and reach its own conclusions. Everyone interested in the State and elsewhere will have ample opportunity to review the proposals after they have been published in preliminary form for the pre-legislative hearings.

Chapter 5 - that dealing with admission of insurers and general requirements has already been drafted and is now being typed. We will forward it next week. Drafting will proceed on subsequent chapters on schedule.

I am sorry to learn from your letter of May 28th that Mrs. Hogerty will not accompany you to Portland, Oregon, and that you are apparently to be well submerged with official responsibilities while there. I will see you at the Convention and hope that we can break you out for at least a while.

With kindest regards.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Bob", written over the typed name "ROBERT D. WILLIAMS".

ROBERT D. WILLIAMS

RDW/df  
Encls.

P.S. May we please have either the original or a Xerox copy sent to us? R.D.W.