

# MAINE STATE LEGISLATURE

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# ONE HUNDRED AND THIRD LEGISLATURE

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Legislative Document

No. 806

H. P. 573

House of Representatives, February 9, 1967

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

BERTHA W. JOHNSON, Clerk

Presented by Mr. Soulas of Bangor.

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## STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SIXTY-SEVEN

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### **AN ACT Relating to Guaranty Requirements of Domestic Mutual Insurance Companies and Capital Stock Requirements of Domestic Stock Insurance Companies.**

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

**Sec. 1. R. S., T. 24, § 505, amended.** The next to the last sentence of the first paragraph of section 505 of Title 24 of the Revised Statutes is amended to read as follows:

Any such mutual company which changes its purposes to include the writing of any class or kind of insurance other than fire, marine or glass shall either have been doing business for a period of not less than 20 years, have a surplus of at least 60% of its unearned premium reserve as appears in its last annual statement filed with the commissioner and have admitted assets of not less than \$125,000 after deducting therefrom the amount by which the net investment of such company in real estate owned exceeds, if it operates on the prepaid basis, 10% of its premiums in force or, if it operates on the assessment plan 2% of the balance of its premium notes, both as appear in such statement, or shall have a guaranty capital of not less than \$100,000, **if organized prior to January 1, 1968 and \$500,000 if organized on January 1, 1968 or subsequent thereto**, divided into shares of \$100 each, and no policy shall be issued until  $\frac{1}{4}$  at least of its guaranty capital has been paid in, in cash, and invested as provided in section 596.

**Sec. 2. R. S., T. 24, § 507, amended.** The 2nd sentence of the first paragraph of section 507 of Title 24 of the Revised Statutes is amended to read as follows:

The capital stock of a stock company organized for any of the purposes mentioned shall not be less than \$100,000, **if organized prior to January 1, 1968 and \$500,000 if organized on January 1, 1968 or subsequent thereto.**

**Sec. 3. R. S., T. 24, § 508, amended.** The first sentence of section 508 of Title 24 of the Revised Statutes is amended to read as follows:

Any mutual insurance company may be organized under sections 502 to 517 with a guaranty capital of not less than \$100,000 **if organized prior to January 1, 1968 and \$500,000 if organized on January 1, 1968 or subsequent thereto**, divided into shares of \$100 each.

**Sec. 4. R. S., T. 24, § 593, amended.** Section 593 of Title 24 of the Revised Statutes is amended to read as follows:

**§ 593. Capital**

No insurance company shall be incorporated with a capital of less than \$100,000, **if organized prior to January 1, 1968 and \$500,000 if organized on January 1, 1968 or subsequent thereto**, to be paid in at the periods and in the proportions required by the charter.

**Sec. 5. R. S., T. 24, § 594, amended.** The last sentence of section 594 of Title 24 of the Revised Statutes is amended to read as follows:

Whenever the capital stock of any insurance company is impaired, it may, by a majority vote of the stock, at a meeting of the stockholders legally called, reduce its capital by canceling its shares pro rata to the number thereof, or it may reduce the par value of its shares; but no such company shall reduce its capital stock more than 20% thereof nor to a sum less than \$100,000, **if organized prior to January 1, 1968 and \$500,000 if organized on January 1, 1968 or subsequent thereto**.