

# MAINE STATE LEGISLATURE

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# ONE HUNDRED AND FOURTH LEGISLATURE

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**Legislative Document**

**No. 1252**

H. P. 1071

House of Representatives, March 14, 1969

Reported by Mr. Scott of Wilton, from Committee on Business Legislation, pursuant to Joint Order (H. P. 973). Printed under Joint Rules No. 18.

BERTHA W. JOHNSON, Clerk

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## STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SIXTY-NINE

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### AN ACT to Correct Errors and Inconsistencies in the Maine Insurance Code.

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

**Sec. 1. R. S., T. 24-A, § 10, sub-§ 1, amended.** Subsection 1 of section 10 of the Title 24-A of the Revised Statutes is amended to read as follows:

1. Domestic mutual **assessment** insurers, as identified in chapter 51, except as stated in such chapter.

**Sec. 2. R. S., T. 24-A, § 204, amended.** Section 204 of Title 24-A of the Revised Statutes is amended to read as follows:

#### § 204. Principal office

The commissioner's principal office shall be at ~~the State Capitol~~ **Augusta**.

**Sec. 3. R. S., T. 24-A, § 228, sub-§ 3, amended.** Subsection 3 of section 228 of Title 24-A of the Revised Statutes is amended to read as follows:

3. Except, that in lieu of payment of examination expense as above required, a domestic insurer shall have the right, at its option, of making an annual payment to the commissioner of an examination expense allotment in an amount equal to .00033% of its total admitted assets as of the end of the preceding calendar year, and which payment shall be made on March 1st with the filing of the insurer's annual statement with the commissioner; or, if the insurer's admitted assets exceed \$10,000,000, the insurer shall have the right, at its further option, to pay to the commissioner with respect to any examination the lesser of:

**A.** The expense of the examination as determined pursuant to subsections 1 and 2 above; or

**B.** An Amount equal to .001% of the first \$10,000,000 of the insurer's admitted assets plus .0001% of the remainder of such assets, as such assets are shown by the insurer's financial statement filed with the commissioner for the year-end next preceding the commencement of the examination.

**Sec. 4. R. S., T. 24-A, § 236, sub-§ 7, amended.** Subsection 7 of section 236 of Title 24-A of the Revised Statutes is amended to read as follows:

7. If the appeal is from the commissioner's order on hearing the review of the court shall be ~~limited to matters shown by the commissioner's official record; otherwise, the review shall be de novo, except as otherwise stipulated by the parties.~~ The court shall have power, by preliminary order, to settle questions concerning the completeness and accuracy of the commissioner's official record.

**Sec. 5. R. S., T. 24-A, § 402, repealed and replaced.** Section 402 of Title 24-A of the Revised Statutes is repealed and the following enacted in place thereof:

**§ 402. "Reciprocal"; "Lloyd's" insurer defined**

1. **Reciprocal insurer.** A "Reciprocal" insurer is an unincorporated aggregation of subscribers operating individually and collectively through an attorney-in-fact common to all such persons to provide reciprocal insurance among themselves.

2. **Lloyd's insurer.** A "Lloyd's" insurer is an unincorporated but formally organized association of individual underwriters, any one or more of whom underwrite and thereby assume as insurer such portion of the risk insured by them as shall be set forth in the contract of insurance issued by such an insurer.

**Sec. 6. R. S., T. 24-A, § 403, amended.** Section 403 of Title 24-A of the Revised Statutes is amended to read as follows:

**§ 403. "Charter" defined**

Except where context requires otherwise, "charter" means certificate of organization, certificate of incorporation, articles of incorporation, articles of agreement, articles of association, corporate charter granted by legislative act, or other basic constituent document of a corporation, **or of a Lloyd's insurer**, or the power of attorney of the attorney-in-fact of a reciprocal insurer.

**Sec. 7. R. S., T. 24-A, sub-§ 1, amended.** Those parts of subsection 1 of section 410 of Title 24-A of the Revised Statutes, which relate to "Life" and to "Life and Health" are amended to read as follows:

Life	<del>\$1,000,000</del>	\$500,000	\$1,000,000	\$1,000,000*	\$1,000,000*
Life and Health	<del>1,000,000</del>	500,000	1,000,000	1,000,000*	1,000,000*

**Sec. 8. R. S., T. 24-A, § 410, sub-§ 1, ¶ A, amended.** The 2nd sentence of paragraph A of subsection 1 of section 410 of Title 24-A of the Revised Statutes is amended to read as follows:

The commissioner shall not authorize such an insurer to transact any other kinds of insurance unless it then complies with the requirements as to capital stock, if a stock insurer, or **basic** surplus, if a mutual or reciprocal insurer, as applied to all kinds of insurance it then proposes to transact, as provided by this Title as to foreign insurers applying for original certificates of authority under this Title.

**Sec. 9. R. S., T. 24-A, § 413, sub-§ 1, amended.** Subsection 1 of section 413 of Title 24-A of the Revised Statutes is amended to read as follows:

1. If a corporation, **or a Lloyd's**, a copy of its charter, together with all amendments thereto, or as restated and amended under the laws of its state or country or domicile, currently certified by the public official with whom the originals are on file in such state or country.

**Sec. 10. R. S., T. 24-A, § 418, sub-§ 1, amended.** Subsection 1 of section 418 of Title 24-A of the Revised Statutes is amended to read as follows:

1. All suspensions or revocations of, or refusal to continue, an insurer's certificate of authority shall be by the commissioner's order given to the insurer **by personal delivery or by certified or registered mail addressed to the insurer at its address last of record with the commissioner. Notice by mail shall be deemed effective when so mailed.**

**Sec. 11. R. S., T. 24-A, § 427, sub-§ 5, amended.** Subsection 5 of section 427 of Title 24-A of the Revised Statutes is amended to read as follows:

5. Bid bonds issued in connection with any public or private contract; **or**

**Sec. 12. R. S., T. 24-A, § 604, sub-§ 1, ¶ C, amended.** Paragraph C of subsection 1 of section 604 of Title 24-A of the Revised Statutes is amended to read as follows:

**C. Amounts collected for investigation reports under section 1519; and**

**Sec. 13. R. S., T. 24-A, § 604, sub-§ 1, ¶ D, additional.** Subsection 1 of section 604 of Title 24-A of the Revised Statutes is amended by adding a new paragraph D to read as follows:

**D. Such other amounts as may be expressly required by law to be so credited.**

**Sec. 14. R. S., T. 24-A, § 605, sub-§ 1, amended.** Subsection 1 of section 605 of Title 24-A of the Revised Statutes is amended to read as follows:

1. Payment by the insurer of the taxes as required by **Title 25, section 2399** and Title 36, section 2511 et seq. shall be in lieu of all taxes imposed by the State upon premiums or upon income, and of any franchise, privilege or other taxes measured by income of the insurer.

**Sec. 15. R. S., T. 24-A, § 731, sub-§§ 2 - 6, amended.** Subsections 2 to 6 of section 731 of Title 24-A of the Revised Statutes are amended to read as follows:

2. An insurer may reinsure all or part of any particular risk with any solvent insurer authorized to transact insurance in one or more states and

having surplus to policyholders in amount not less than the paid-in capital stock required of an authorized foreign stock insurer transacting like kinds of insurance; or, in the case of a group of individuals, unincorporated alien insurers, has assets held in trust for the benefit of its United States policyholders in a sum not less than \$50,000,000, and is authorized to transact insurance in at least one state. Cession of bulk reinsurance by a domestic insurer is subject to section 3483 (bulk reinsurance).

~~3. No credit shall be allowed to an insurer, as an asset or as a deduction from liability, for reinsurance ceded to an alien insurer unless such alien insurer has surplus to policyholders in amount not less than the paid-in capital stock required of an authorized foreign stock insurer transacting like kinds of insurance and is authorized to transact insurance in at least one state of the United States; or, the case of a group of individual, unincorporated alien insurers, has assets held in trust for the benefit of its United States policyholders in a sum not less than \$50,000,000, and is authorized to transact insurance in at least one state.~~

¶ 3. Credit shall be allowed as an asset or as a deduction from liability, to any ceding insurer **only** for reinsurance ceded to an assuming insurer qualified therefor under subsection 3 2, except that no such credit shall be allowed unless the reinsurance is payable by the assuming insurer on the basis of the liability of the ceding insurer under the contracts reinsured without diminution because of the insolvency of the ceding insurer.

§ 4. Upon request of the commissioner an insurer shall promptly inform the commissioner in writing of the cancellation or any other material change of any of its reinsurance treaties or arrangements.

6 5. This section shall not apply to wet marine and transportation insurance.

**Sec. 16. R. S., T. 24-A, § 927, sub-§ 2, amended.** Subsection 2 of section 927 of Title 24-A of the Revised Statutes is amended to read as follows:

2. The insurer shall contribute to such contingency reserve 50% of the net premiums, i.e., gross premiums less premiums returned to policyholders, written on such insurance remaining after establishment of the unearned premium reserve.

**Sec. 17. R. S., T. 24-A, § 1102, sub-§ 1, amended.** Subsection 1 of section 1102 of Title 24-A of the Revised Statutes is amended to read as follows:

1. Insurers shall hereafter invest in or lend their funds on the security of, and shall hold as ~~invested assets~~ eligible investments only those as prescribed in this chapter.

**Sec. 18. R. S., T. 24-A, § 1105, sub-§ 1, ¶ H, amended.** Paragraph H of subsection 1 of section 1105 of Title 24-A of the Revised Statutes is amended to read as follows:

H. 1119 (savings and loan institutions);

**Sec. 19. R. S., T. 24-A, § 1105, sub-§ 3, amended.** Subsection 3 of section 1105 of Title 24-A of the Revised Statutes is amended to read as follows:

3. The insurer shall not invest in aggregate amount over 15% of its assets in all investments in real estate eligible under ~~sections~~ section 1125 (real estate) ~~and 1127 (leased property)~~.

**Sec. 20. R. S., T. 24-A, § 1105, sub-§ 5, amended.** Subsection 5 of section 1105 of Title 24-A of the Revised Statutes is amended to read as follows:

5. Notwithstanding any other provision an insurer may invest in the aggregate an amount not in excess of ~~35%~~ 50% of its surplus as to policyholders in all investments eligible under ~~the~~ section 1115 (stocks of subsidiaries).

**Sec. 21. R. S., T. 24-A, § 1106, sub-§ 1, ¶ H, amended.** Paragraph H of subsection 1 of section 1106 of Title 24-A of the Revised Statutes is amended to read as follows:

H. 1119 (savings and loan institutions);

**Sec. 22. R. S., T. 24-A, § 1106, sub-§ 2, amended.** The first paragraph of subsection 2 of section 1106 of Title 24-A of the Revised Statutes is amended to read as follows:

The insurer shall not invest in aggregate amount in excess of its surplus as to policyholders in all investments eligible under the following sections of this chapter:

**Sec. 23. R. S., T. 24-A, § 1106, sub-§ 4, amended.** The first paragraph of subsection 4 of section 1106 of Title 24-A of the Revised Statutes is amended to read as follows:

4. Except as otherwise expressly provided an insurer shall not invest more than 10% of its assets in the securities of any one person, other than investments eligible under the following sections of this chapter:

**Sec. 24. R. S., T. 24-A, § 1119, amended.** The catchline of section 1119 of Title 24-A of the Revised Statutes is repealed and the following enacted in place thereof:

#### Savings and loan institutions

**Sec. 25. R. S., T. 24-A, § 1252, sub-§ 3, amended.** Subsection 3 of section 1252 of Title 24-A of the Revised Statutes is amended to read as follows:

3. Deposits required under the retaliatory ~~law~~ provision, section 428, shall be held for such purposes as is required by such ~~law~~ provision, and as specified by the commissioner's order requiring such deposit to be made.

**Sec. 26. R. S., T. 24-A, § 1253, sub-§ 3, amended.** Subsection 3 of section 1253 of Title 24-A of the Revised Statutes is amended to read as follows:

3. Deposits of foreign insurers made in this State under the retaliatory ~~law~~ provision, section 428, shall consist of such assets as are required by the commissioner pursuant to such ~~law~~ provision.

**Sec. 27. R. S., T. 24-A, § 1259, sub-§ 2, amended.** The last sentence of subsection 2 of section 1259 of Title 24-A of the Revised Statutes is amended to read as follows:

During the insolvency of the insurer, such excess deposit shall be released only as provided in section 1263, subsection 5 4.

**Sec. 27-A. R. S., T. 24-A, § 1507, sub-§ 2, amended.** Subsection 2 of section 1507 of Title 24-A of the Revised Statutes is amended to read as follows:

2. Service representatives are not required to be licensed as such ~~but shall qualify for and be licensed as an agent, resident or nonresident, as the case may be, as to the kinds of insurance to be transacted as a service representative.~~ Officers and salaried nonresident traveling representatives of property and casualty insurers not in general using resident agents for the solicitation of business, who inspect risks or solicit insurance in this State and receive no commissions thereon shall be deemed also to be service representatives.

**Sec. 28. R. S., T. 24-A, § 1853, sub-§ 5, amended.** Subsection 5 of section 1853 of Title 24-A of the Revised Statutes is amended to read as follows:

5. Must post the bond required under section ~~1856~~ 1854.

**Sec. 29. R. S., T. 24-A, § 2005, repealed and replaced.** Section 2005 of Title 24-A of the Revised Statutes is repealed and the following enacted in place thereof:

#### § 2005. Report of coverage

Within 30 days after the effective date of any such surplus lines insurance, the broker shall file with, or as directed by, the commissioner a written memorandum or report of such coverage in such form and contents as may be prescribed by the commissioner.

**Sec. 30. R. S., T. 24-A, § 2006, sub-§ 1, amended.** The first sentence of subsection 1 of section 2006 of Title 24-A of the Revised Statutes is amended to read as follows:

The commissioner may by order declare eligible for export generally and without compliance with the provisions of section 2004, subsections 2, 3 and ~~3~~ 4, and section 2005, any class or classes of insurance coverage or risk for which he finds, after a hearing of which notice was given to each insurer authorized to transact such class or classes in this State, that there is not a reasonable or adequate market among authorized insurers either as to acceptance of the risk, contract terms, or premium or premium rate.

**Sec. 31. R. S., T. 24-A, § 2103, sub-§ 1, amended.** Subsection 1 of section 2103 of Title 24-A of the Revised Statutes is amended to read as follows:

1. Sections ~~2101~~ 2102 to 2108 constitute and may be cited as the unauthorized insurers process act.

**Sec. 32. R. S., T. 24-A, § 2111, sub-§ 2, amended.** The first sentence of subsection 2 of section 2111 of Title 24-A of the Revised Statutes is amended to read as follows:

If upon such hearing the commissioner finds that the insurer has misrepresented as referred to in section 2110 ~~of this chapter~~, he shall by order on such hearing require the insurer to cease and desist from such violation, and shall

mail a copy of the order by registered or certified mail to the insurer at its principal place of business last of record with the commissioner and to the insurance supervisory official of the insurer's domiciliary state or province.

**Sec. 33. R. S., T. 24-A, § 2113, sub-§§ 7 - 8, amended.** Subsections 7 and 8 of section 2113 of Title 24-A of the Revised Statutes are amended to read as follows:

7. This section does not abrogate or modify any provision of section 2101 (representing or aiding unauthorized insurer prohibited); **and an insurer issuing such insurance pursuant to the unsolicited application of the insured shall not thereby be deemed to be in violation of this code, provided the tax is paid under this section.**

8. This section does not apply as to life or ~~disability~~ health insurance.

**Sec. 34. R. S., T. 24-A, § 2170, sub-§ 3, amended.** Subsection 3 of section 2170 of Title 24-A of the Revised Statutes is amended to read as follows:

3. Nothing in this section prevents the payment of the interest which may be charged on premium loans or premium ~~advancements~~ **advances** in accordance with the security agreement, or **the payment of dividends to group policyholders provided that the payment of dividends to group credit life and group credit health policyholders shall be subject to such rules and regulations as shall be promulgated by the commissioner.**

**Sec. 35. R. S., T. 24-A, § 2307, amended.** Section 2307 of Title 24-A of the Revised Statutes is amended to read as follows:

#### **§ 2307. Limitation of disapproval power**

No manual of classifications, rules, rating plans, or any modification of any of the foregoing which establishes standards for measuring variations in hazards or expense provisions, or both, and which has been filed pursuant to section ~~2303~~ **2304**, shall be disapproved if the rates produced meet the requirements of this chapter.

**Sec. 36. R. S., T. 24-A, § 2309, amended.** Section 2309 of Title 24-A of the Revised Statutes is amended to read as follows:

#### **§ 2309. Rating organizations—filings for members and subscribers authorized**

An insurer may satisfy its obligation to make filings required by section ~~2303~~ **2304** by becoming a member of, or a subscriber to, a licensed rating organization which makes such filings, and by authorizing the commissioner to accept such filings on its behalf. Nothing contained in this chapter shall be construed as requiring any insurer to become a member of or a subscriber to any rating organization.

**Sec. 37. R. S., T. 24-A, § 2321, sub-§ 2, ¶ D, amended.** Paragraph D of subsection 2 of section 2321 of Title 24-A of the Revised Statutes is amended to read as follows:



**D.** An agreement that the commissioner may examine such advisory organization in accordance with section 2328 ~~(examination)~~ **(examinations)**.

**Sec. 38. R. S., T. 24-A, § 2321, sub-§ 4, amended.** The first sentence of subsection 4 of section 2321 of Title 24-A of the Revised Statutes is amended to read as follows:

No insurer which makes its own filings nor any rating organization shall support its filings by statistics or adopt rate making recommendations, furnished to it by an advisory organization which has not complied with this section or with an order of the commissioner involving such statistics or recommendations issued under subsection 3 ~~of this section~~.

**Sec. 39. R. S., T. 24-A, § 2420, sub-§ 4, amended.** The first sentence of subsection 4 of section 2420 of Title 24-A of the Revised Statutes is amended to read as follows:

Any individual insured under a group insurance policy or group annuity contract shall have the right, unless expressly prohibited under the terms of the policy or contract, to assign to any other person his rights and benefits under the policy or contract, including, but not limited to, the right to designate the beneficiary or beneficiaries and the rights as to conversion provided for in sections 2621 to 2625, and, ~~subject to the terms of the policy relating to assignments thereunder~~, any such assignment, made either before or after the effective date of this section, shall be valid for the purpose of vesting in the assignee all such rights and benefits so assigned.

**Sec. 40. R. S., T. 24-A, § 2537, sub-§ 1, amended.** Subsection 1 of section 2537 of Title 24-A of the Revised Statutes is amended to read as follows:

1. Any domestic insurer may establish one or more separate accounts, including that type known as a unit investment trust, as defined by the Investment Company Act of 1940, Stat. 789, 15 U.S.C. § 80a, et seq., as amended, and may allocate to such separate accounts, in accordance with the terms of a written contract or agreement or annuity or pension, profitsharing or retirement plan, whether or not qualified under the applicable provisions of the Internal Revenue Code, 68A Stat. 1, 26 U.S.C. § 1, et seq., as amended, with any individual or any group, any amounts paid or remitted to or held by the insurer which are to be applied to provide for annuities or other benefits payable in fixed and guaranteed or variable dollar amounts, or both.

**Sec. 41. R. S., T. 24-A, § 2604, sub-§ 4, amended.** The first sentence of subsection 4 of section 2604 of Title 24-A of the Revised Statutes is repealed and the following enacted in place thereof:

The initial amount of such life insurance on the life of any debtor shall at no time exceed the total amount repayable, and, ~~where an indebtedness is repayable~~ in substantially equal installments, the amount of such insurance shall at no time exceed the scheduled or actual amount of unpaid indebtedness, whichever is greater; except that in no event shall the amount of such insurance on the life of any debtor exceed \$40,000.

**Sec. 42. R. S., T. 24-A, § 2609, sub-§ 4, amended.** Subsection 4 of section 2609 of Title 24-A of the Revised Statutes is amended to read as follows:

4. The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the insured person or by the policyholder; and as to any one insured person the amount of term insurance together with term insurance of such person under all other group life insurance policies, shall not exceed ~~\$100,000~~ \$50,000.

**Sec. 43. R. S., T. 24-A, § 2613, sub-§ 1, amended.** Subsection 1 of section 2613 of Title 24-A of the Revised Statutes is amended to read as follows:

1. Section 2619 to 2623 ~~and section 2627~~ shall not apply to policies issued to a creditor to insure debtors of such creditor;

**Sec. 44. R. S., T. 24-A, § 2626, sub-§ 1, amended.** Subsection 1 of section 2626 of Title 24-A of the Revised Statutes is amended by adding at the end, a new sentence, as follows:

**This section shall not apply to group credit life insurance contracts which are subject to section 2858 (filing, approval and withdrawal of forms, rates; appeals).**

**Sec. 45. R. S., T. 24-A, § 2627, amended.** Section 2627 of Title 24-A of the Revised Statutes is amended to read as follows:

**§ 2627. Application of dividends, rate reductions**

If a policy dividend is hereafter declared or a reduction in rate is hereafter made or continued for the first or any subsequent year of insurance under any policy of group life insurance heretofore issued or hereafter issued under this chapter to any policyholder, the excess, if any, of the aggregate dividends or rate reductions under such policy and all other group insurance policies of the policyholder over the aggregate expenditure for insurance under such policies made from funds contributed by the policyholder, or by an employer of insured persons, or by a union or association to which the insured persons belong, including reasonable expenditures made in connection with administration of such policies, shall be applied by the policyholder for the sole benefit of insured employees ~~and members or debtors~~.

**Sec. 46. R. S., T. 24-A, § 2718, amended.** The first sentence of section 2718 of Title 24-A of the Revised Statutes is amended to read as follows:

Except as provided in section 2704, subsection 2, no such policy delivered or issued for delivery to any person in this State shall contain provisions respecting the matters set forth in section 2719 to ~~2723~~ 2728, unless such provisions are in the words in which the same appear in the applicable section, except that the insurer may, at its option, use in lieu of any such provision a corresponding provision of different wording approved by the commissioner which is not less favorable in any respect to the insured or the beneficiary.

**Sec. 47. R. S., T. 24-A, § 2730, amended.** Section 2730 of Title 24-A of the Revised Statutes is amended to read as follows:

### § 2730. Order of certain provisions

The provisions which are the subject of sections ~~2705~~ 2704 to 2716, and 2718 to ~~2727~~ 2728, or any corresponding provisions which are used in lieu thereof in accordance with such sections shall be printed in the consecutive order of the provisions in such sections or, at the option of the insurer, any such provision may appear as a unit in any part of the policy, with other provisions to which it may be logically related, provided that the resulting policy shall not be in whole or in part unintelligible, uncertain, ambiguous, abstruse, or likely to mislead a person to whom the policy is offered, delivered or issued.

**Sec. 48. R. S., T. 24-A, § 2802, sub-§ 1, amended.** Subsection 1 of section 2802 of Title 24-A of the Revised Statutes is amended to read as follows:

1. Any policy or contract of insurance against death or injury resulting from accident or from accidental means which covers more than one person, except blanket accident policies as defined in section ~~2812~~ 2813 and family accident and sickness policies conforming to section 2703, shall be deemed a group accident insurance policy.

**Sec. 49. R. S., T. 24-A, § 2804, sub-§ 3, amended.** Subsection 3 of section 2804 of Title 24-A of the Revised Statutes is amended to read as follows:

3. The policy must cover at least ~~3~~ 10 employees at date of issue.

**Sec. 50. R. S., T. 24-A, § 2806, sub-§ 2, amended.** The first sentence of subsection 2 of section 2806 of Title 24-A of the Revised Statutes is amended to read as follows:

The premium for the policy shall be paid by the trustee or trustees wholly from funds contributed by the employer or employers of the insured persons, or by the union or unions, or partly from such funds and partly ~~or wholly~~ from funds contributed by the insured persons.

**Sec. 51. R. S., T. 24-A, § 2806, sub-§ 3, amended.** The first paragraph of subsection 3 of section 2806 of Title 24-A of the Revised Statutes is amended to read as follows:

The policy must cover at date of issue at least 100 persons and not less than an average of ~~5~~ 3 persons per employer unit, except that, in the case of credit union employees or associations of insurance agents the policy must cover at least 25 persons but shall not be subject to any required average number of employees covered per employer unit; and if the fund is established by the members of an association of employers the policy may be issued only if either:

**Sec. 52. R. S., T. 24-A, § 2812, amended.** Section 2812 of Title 24-A of the Revised Statutes is amended to read as follows:

### § 2812. Readjustment of premium rate

If a policy dividend is hereafter declared or a reduction in rate is hereafter made or continued for the first or any subsequent year of insurance under any policy of group health insurance heretofore issued, or hereafter issued

under this chapter, to any policyholder, the excess, if any, of the aggregate dividends or rate reductions under the policy and all other group insurance policies of the policyholder over the aggregate expenditure for insurance under such policies made from funds contributed by the policyholder, or by an employer of insured persons, or by a union or association to which the insured persons belong, including reasonable expenditures made in connection with administration of such policies, shall be applied by the policyholder for the sole benefit of insured employees **and members** ~~or debtors~~.

**Sec. 53. R. S., T. 24-A, § 2816, amended.** Section 2816 of Title 24-A of the Revised Statutes is amended to read as follows :

**§ 2816. Requirements**

No policy of group or blanket health insurance shall, except as provided in section 2820, be delivered or issued for delivery in this State, unless the policy contains in substance each and all of the provisions set forth in sections 2817 to ~~2827~~ 2828, or provisions which in the opinion of the commissioner are more favorable to the holders of such certificates or not less favorable to the holders of such certificates and more favorable to policyholders.

**Sec. 54. R. S., T. 24-A, § 2821, amended.** Section 2821 of Title 24-A of the Revised Statutes is amended to read as follows :

**§ 2821. Individual certificates**

Except in the case of blanket health insurance, a provision that the insurer shall issue to the policyholder, for delivery to each member of the insured group, an individual certificate or printed information setting forth in summary form a statement of the essential features of the insurance coverage of such employee or such member, to whom the benefits thereunder are payable, and in substance the provisions of section 2821 to ~~2827~~ 2828. If dependents are included in the coverage only one certificate or printed summary need be issued for each family unit.

**Sec. 55. R. S., T. 24-A, § 2855, sub-§ 1, ¶ A, amended.** Paragraph A of subsection 1 of section 2855 of Title 24-A of the Revised Statutes is amended to read as follows :

**A. Amount of coverage limited.** The initial amount of credit life insurance shall not exceed the total amount repayable under the contract of indebtedness and, where an indebtedness is repayable in substantially equal installments, the amount of insurance shall at no time exceed the scheduled or actual amount of unpaid indebtedness, whichever is greater; **except that the amount of insurance under a group policy on the life of any debtor shall not exceed \$40,000.**

**Sec. 56. R. S., T. 24-A, § 3002, sub-§ 1, amended.** The first paragraph of subsection 1 of section 3002 of Title 24-A of the Revised Statutes is amended to read as follows :

No insurer shall issue fire insurance policies on property in this State, other than those of the Maine standard fire insurance policy, which shall contain

the following consideration and insuring clause, assignment clause and the general conditions and stipulations set forth after such consideration, insuring and assignment clauses :

### Consideration and Insuring Clause

In Consideration of the Provisions and Stipulations herein or added hereto and of the premium above specified, this Company, for the term of ..... from ..... at noon (Standard Time) to ..... at noon (Standard Time) at location of property involved, to an amount not exceeding the amount(s) above specified, does insure ..... and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described herein while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

### Assignment Clause

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

### General Conditions and Stipulations

Sec. 57. R. S., T. 24-A, § 3352, sub-§ 2, ¶¶ A-F, amended. Paragraphs A to F of subsection 2 of section 3352 of Title 24-A of the Revised Statutes are amended to read as follows :

- ~~A.~~ (1) No group insurance or term policies for terms of less than 10 years shall be included.
- ~~B.~~ (2) No group, blanket or family plans of insurance shall be included. In lieu of weekly indemnity a life premium value in medical, surgical, and hospital benefits may be provided. Any accidental death or dismemberment benefit provided shall not exceed \$5,000.

**C. (3)** Only insurance of the owner's interest in real property may be included.

**D. (4)** Must include insurance of legal liability for bodily injury and property damage, to which the maximum and minimum insured amounts apply.

**E. (5)** The maximums provided for in this column (F) are net of applicable reinsurance.

**F. (6)** The deposit of surplus in the amount specified in columns (G) and (H) must thereafter be maintained unimpaired. The deposit is subject to the provisions of chapter 15 (administration of deposits).

**Sec. 58. R. S., T. 24-A, § 3415, sub-§ 4, amended.** The first sentence of subsection 4 of section 3415 of Title 24-A of the Revised Statutes is amended to read as follows:

Any such loan to ~~a mutual~~ an insurer or substantial portion thereof may be repaid by the insurer when no longer reasonably necessary for the purpose originally intended.

**Sec. 59. R. S., T. 24-A, § 3421, sub-§ 2, amended.** Subsection 2 of section 3421 of Title 24-A of the Revised Statutes is amended to read as follows:

2. A domestic insurer duly authorized to transact insurance in another jurisdiction may frame and issue policies for delivery in such jurisdiction pursuant to applications for insurance solicited and obtained therein, in accordance with the laws thereof, subject only to such restrictions, if any, as may be contained in the insurer's certificate of organization or bylaws; and subject, in the case of health insurers, to the provisions of section ~~2732~~ 2733 (policies issued for delivery in another state).

**Sec. 60. R. S., T. 24-A, § 3601, sub-§ 1, amended.** Subsection 1 of section 3601 of Title 24-A of the Revised Statutes is amended to read as follows:

1. This chapter applies only as to domestic mutual insurers heretofore or hereafter authorized to transact and transacting ~~fire and related property~~ insurances in this State on the assessment plan, as defined in section 3603, and to the assessment department of insurers also transacting insurance on the cash premium plan.

**Sec. 61. R. S., T. 24-A, § 3615, amended.** Section 3615 of Title 24-A of the Revised Statutes is amended to read as follows:

#### **§ 3615. Delivery, acceptance of policy**

The delivery of the policy to the insured and payment by the insured of the ~~first~~ initial charge shall be deemed an acceptance of the contract.

**Sec. 62. R. S., T. 24-A, c. 65, additional.** Title 24-A of the Revised Statutes is amended by adding a new chapter 65, to read as follows:

## CHAPTER 65

### STRIKES OF INSURANCE AGENTS

§ 4751. Life, noncancellable health, hospital expense and hospital and surgical expense insurance contrasts; default in payment of premium during strike of insurance agents

1. Default. No contract of life, noncancellable health, hospital expense or hospital and surgical expense, insurance which goes into effect in this State on or after the 30th day after January 2, 1970 shall lapse by reason of any default in the payment of any premium during a strike of insurance agents employed by an insurer authorized to transact business in this State, if

A. The collection of the contract premium was, at commencement of the strike, a duty, charge or obligation of any of such agents, according to the records, books, instructions, practice or organization of the insurer, and

B. Such agents are represented for purposes of collective bargaining by a labor organization which has been so recognized or certified or has been a party to any collective bargaining agreement with the insurer.

2. Definitions. For the purpose of this section:

A. During a strike. "During a strike" shall mean from the commencement of the strike to 31 days after the termination of the strike, according to the statement of the labor organization;

B. Lapse. "Lapse" shall mean lapse, be terminated or in any way modified or qualified as to the obligations of the insurer and the right of the insured;

C. Premium. "Premium" shall mean premium, interest, assessment or any other payment or charge for or in connection with the insurance which would be due to the insurer under the insurance contract during the strike of agents, except for the operation of this section.

D. Strike. "Strike" shall mean strike or other concerted stoppage of work by employees, including a stoppage by reason of the expiration of a collective bargaining agreement, so long as any of the foregoing is authorized by the labor organization according to the labor organization's own interpretation and application of its applicable internal rules and procedures.

3. Claims. If a claim under any insurance contract covered by this section arises during a strike, the insurer may deduct from any amounts payable on account of the claim any premiums which are thus in default.

Sec. 63. P. L., 1969, c. , § 13, sub-§ 1, ¶ B, amended. Paragraph B of subsection 1 of section 13 of chapter of the public laws of 1969 is amended to read as follows:

B. Broker and surplus lines broker licenses, at midnight on December 31st; unless any particular such license would otherwise by its ~~term~~ terms expire earlier, and in which case the old license shall be extended until such

midnight on December 31st upon payment by the licensee to the commissioner of an applicable proportion of the license fee of a full license year at the rate provided for in section 601 (fee schedule).

**Sec. 64. P. L., 1969, c. , § 21, amended.** Section 21 of chapter of the public laws of 1969 is amended to read as follows:

**Sec. 21. Effective date.** Except as otherwise expressly provided the respective provisions of this Act, and this Act, shall be in full force and effect on and after ~~September 1, 1969~~ **January 1, 1970.**

**Sec. 65. Effective date.** This Act shall become effective January 2, 1970.