

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

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Legislative Document

No. 329

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H. P. 276

House of Representatives, January 23, 1975

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

EDWIN H. Pert, Clerk

Presented by Mr. Hewes of Cape Elizabeth.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-FIVE

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AN ACT Requiring Security Deposits for Insurance Companies  
Transacting Business in Maine.

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

24-A MRSA, § 412, as last amended by PL 1973, c. 585, § 12, is repealed and the following enacted in place thereof:

§ 412. Deposits

1. No insurance company other than a domestic real estate title insurance company or a domestic mutual fire insurance company which is transacting only the business of fire, marine or glass on the assessment plan shall do so in this State unless it makes and maintains a deposit with the Superintendent of Insurance as security for all its policyholders' securities which are deemed eligible for deposit under section 1253. Such deposit shall be maintained in a minimum actual market value which, exclusive of interest, shall never be less than \$100,000. Such deposit shall be retained by the superintendent and disposed of as directed by section 1263.

2. Any admitted foreign insurance company may file with the superintendent a certificate of the insurance supervisory official of such other jurisdiction that he holds in trust and on deposit for benefit of all the policyholders of the company a deposit of not less than \$100,000 in such securities as are required or permitted to be deposited with him by the laws of that jurisdiction. These securities are to be of a character consistent with investment authority in such jurisdiction. Such certificate shall contain a statement by said supervisory official that he is satisfied that the actual market value of these securities is of minimum value of \$100,000. No deposit shall be required to be maintained in this State while such a deposit, if so certified, is retained by said supervisory official.

3. The superintendent shall receive and hold in trust deposits made under this section by any domestic insurance company in compliance with the laws of this or any other state, to enable it to do business in this or any other state, and in like matter shall hold deposits made by a foreign company under the laws of this State. The company making such deposit shall be entitled to any investment income thereon and with the superintendent's consent, if not inconsistent with the laws under which such deposit was made, may exchange in whole or in part such securities comprising the deposit for other approved securities of equal value.

4. The superintendent shall not authorize an alien insurer to transact insurance in this State unless it makes in this State through the superintendent and thereafter continuously maintains a deposit, representing funds in excess of all the insurer's liabilities under insurance contracts in force in the United States of America, of a fair market value in amount not less than the minimum paid-in capital stock required under this Title of a foreign stock insurer authorized to transact like kinds of insurance in this State. The deposit shall be held in trust for the exclusive benefit of the insurer's policyholders and creditors in the United States of America.

A. In lieu of such a deposit made or maintained in this State, the superintendent shall accept the certificate in proper form of the insurance supervisory official having general supervision of insurers in any other state to the effect that a deposit of like quality and amount, or part thereof, by such insurer is being maintained for like purposes in public custody or control pursuant to the laws of such state.

5. All such deposits in this State are subject to the provisions of chapter 15 (Administration of Deposits).

#### STATEMENT OF FACT

This bill will require insurance companies transacting business in Maine to maintain with the Treasurer of State security deposits for the benefit of the company's policyholders if need arises.