

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 189

H. P. 163

House of Representatives, January 12, 1981

Submitted by the Department of Business Regulation pursuant to Joint Rule

24.

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

EDWIN H. PERT, Clerk

Presented by Mr. Gwadosky of Fairfield.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Set Standards for Reinsuring Powers of Domestic Assessment Mutual Companies.

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

24-A MRSA § 3604, sub-§ 2, as enacted by PL 1969, c. 132, § 1, is amended to read:

2. Any such insurer shall have power to cede reinsurance of any risk or part thereof which it is authorized to insure direct; and shall have power to accept reinsurance from other domestic assessment plan insurers of any risk which it has authority to insure direct, **limited, as follows. No domestic mutual assessment plan insurer may accept reinsurance on a reciprocal basis from other similarly licensed insurers unless it is possessed of surplus as regards policyholders in a minimum amount of \$100,000 determined pursuant to insurance statutory equity values.**

STATEMENT OF FACT

This bill sets minimum standards for insurers desiring to reciprocally exchange reinsurance if the insurers are writing assessment fire business on a direct basis.

Such insurers would be required to have surplus equal to \$100,000 prior to the transaction.