

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 462

H.P. 359 House of Representatives, February 20, 1987
Reference to the Committee on Banking and Insurance
suggested and ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative BAILEY of Farmington.
Cosponsored by Representative ARMSTRONG of Wilton.

STATE OF MAINE

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

AN ACT to Amend Provisions of the Maine
Insurance Code Dealing with Capital
and Surplus Requirements of Insurers.

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

Sec. 1. 24-A MRSA §410, sub-§1, ¶C, as enacted
by PL 1983, c. 709, §1, is amended to read:

C. Until January 1, 1989, a domestic mutual in-
surer formed prior to January 1, 1968, and while
possessing surplus of not less than \$200,000 may
be authorized to transact, in addition to the
types of insurance it was transacting prior to
July 24, 1984, any other additional kinds of in-
surance authorized by its charter; subject to
those minimum required basic surplus amounts ap-

1 plicable as to foreign mutual insurers as con-
2 tained in the table in paragraph B, if the insur-
3 er is to transact life insurance together with
4 any one or more of property, casualty, surety or
5 marine and transportation insurances.

6 Sec. 2. 24-A MRSA §410, sub-§1, ¶D, as enacted
7 by PL 1983, c. 709, §1, is amended to read:

8 D. Domestic mutual insurers holding a certifi-
9 cate of authority upon January 1, 1989, if other-
10 wise qualified ~~therefer~~, and possessed of basic
11 surplus in minimum required amounts as contained
12 in the table in this paragraph may continue to be
13 so authorized, provided those insurers continue
14 to possess and maintain unimpaired basic surplus
15 funds as determined ~~herein~~ in this paragraph and
16 applicable to those lines or kinds of insurance
17 permitted by its certificate of authority immedi-
18 ately prior to January 1, 1989. Upon application
19 by any such insurer and written approval by the
20 superintendent, the insurer's certificate of au-
21 thority may be extended to permit the writing of
22 other kinds or lines of insurance if the insurer
23 is qualified ~~therefer~~ and possessed of basic sur-
24 plus funds in amounts contained in the table in
25 this paragraph. A domestic mutual insurer holding
26 a certificate of authority prior to January 1,
27 1989, but which does not possess and maintain ba-
28 sic surplus in the minimum required amounts con-
29 tained in the table in this paragraph, may con-
30 tinue to be authorized to transact insurance in
31 this State and to write other kinds or lines of
32 insurance, subject to the approval of the super-
33 intendent, as long as it maintains 100% reinsur-
34 ance and has no liabilities.

35 A health, life and health or multiple line (as
36 described in section 710) insurer may qualify for
37 a certificate of authority to transact a legal
38 services insurance business, as described in
39 chapter 38, if it is otherwise qualified therefor
40 and possesses and thereafter maintains, in addi-
41 tion to the amounts described in the following
42 table, an additional amount of unimpaired paid-in
43 capital stock, if a stock insurer, or unimpaired
44 basic surplus, if a foreign mutual or reciprocal
45 insurer, of not less than \$500,000.

1	Kind or	Domestic Mutua
2	Kinds of Insurance	Insurers
3		
4	Life	\$1,000,000
5	Health	500,000
6	Life and Health	1,250,000
7	Casualty	750,000
8	Marine and Transportation	1,000,000
9	Property	500,000
10	Surety	1,000,000
11	Title	350,000
12	Multiple Line (as defined	
13	in section 710)	1,250,000
14	Life, and any one or more	
15	of Property, Casualty,	
16	Surety, Marine and Transportation	2,500,000

17 STATEMENT OF FACT

18 The purpose of this bill is twofold. Section 1
19 clears up an ambiguity in the Maine Revised Statutes,
20 Title 24-A, section 410, subsection 1, paragraph C,
21 which raised the capital in surplus requirements for
22 insurers in this State. It makes it clear that the
23 exception in paragraph C permits domestic mutual in-
24 surance companies which were formed prior to January
25 1, 1968, and possess a surplus of not less than
26 \$200,000 to continue to transact all the types of in-
27 surance which they transacted prior to the amendment
28 of this section in 1984 until January 1, 1989, with
29 no change in their capital and surplus requirements.

30 Section 2 permits domestic mutual insurance com-
31 panies which do not meet the minimum required amounts
32 of basic surplus recently enacted by the Legislature
33 to continue to transact business in this State after
34 January 1, 1989, subject to the approval of the Su-
35 perintendent of Insurance as long as they maintain
36 100% reinsurance and have no liabilities. The re-
37 quirement of reinsurance protects the policyholders
38 of these companies as well as maintaining of the re-
39 quired surplus does. Passage of this bill will per-
40 mit 2 old Maine insurance companies to continue to do
41 business, subject to the superintendent's approval.

1 If it is not enacted, these companies would have to
2 cease doing business.

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