

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

## FIRST REGULAR SESSION - 1989

Legislative Document

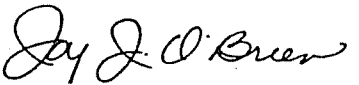
No. 1743

S.P. 648

In Senate, June 12, 1989

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.

Referred to the Committee on Banking and Insurance and ordered printed. Sent down forthwith for concurrence. In House, June 12, 1989, referred to the Committee on Banking and Insurance and ordered printed in concurrence.

  
JOY J. O'BRIEN  
Secretary of the Senate

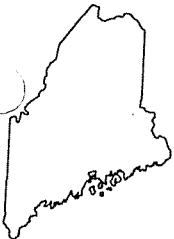
Presented by Senator HOBBS of York.

STATE OF MAINE

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

An Act to Modernize the Capital Structure of Domestic Stock Insurers.

(EMERGENCY)  
(After Deadline)



1           **Emergency preamble.** Whereas, Acts of the Legislature do not  
become effective until 90 days after adjournment unless enacted  
3           as emergencies; and

5           Whereas, the Maine Insurance Code presently limits the type  
of stock which domestic stock insurers can issue to common stock  
7           of a single class with a par value of not less than \$1 per share;  
and

9           Whereas, the laws of numerous other states do not impose  
11           such limitations on the ability of domestic stock insurers to  
raise capital; and

13           Whereas, the ability of stock insurers to attract capital is  
15           essential to the financial security and stability of  
policyholders and insurers; and

17           Whereas, it is essential to raising capital on the most  
19           favorable terms that domestic stock insurers have the ability to  
issue a broader range of securities in order to be responsive to  
21           the changing needs of the capital markets; and

23           Whereas, in the judgment of the Legislature, these facts  
create an emergency within the meaning of the Constitution of  
25           Maine and require the following legislation as immediately  
necessary for the preservation of the public peace, health and  
27           safety; now, therefore,

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

31           **Sec. 1. 24-A MRSA §3306, sub-§3, ¶D, as enacted by PL 1969, c.**  
132, §1, is amended to read:

33           D. If a stock corporation, its authorized capital and the  
35           number of shares of stock into which divided. The capital  
stock shall consist entirely of common stock of one uniform  
37           class, par value not less than \$1.00 per share, each  
outstanding share of which shall have equal rights in every  
39           respect with every other such share and such other classes  
41           or series as provided in the certificate of organization,  
except that treasury stock shall not have dividend or voting  
43           rights. Shares Redeemable shares, nonvoting shares and  
shares without par value shall not be authorized;

45           **Emergency clause.** In view of the emergency cited in the  
preamble, this Act shall take effect when approved.  
47

49                           **STATEMENT OF FACT**

51

1           This bill eliminates current limitations on the kinds of  
3 stock which could be issued by domestic stock insurers, thus  
5 providing greater flexibility in raising capital. With the  
7 removal of the limitation, domestic insurers would have the  
9 corporate power to issue more than one class of stock. This  
flexibility is consistent with the insurance laws in various  
other states and permits insurers to use more modern methods of  
raising capital which are responsive to market needs.