

MAINE STATE LEGISLATURE

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FORTY-NINTH LEGISLATURE.

HOUSE.

No. 30.

STATE OF MAINE.

IN THE YEAR OF OUR LORD ONE THOUSAND EIGHT HUNDRED AND SEVENTY.

AN ACT concerning insurance and insurance companies.

Be it enacted by the Senate and House of Representatives in Legislature assembled, as follows :

SECTION 1. The governor and council shall appoint
2 some suitable person to be insurance commissioner,
3 who shall hold his office for one year, subject to removal
4 at any time by the appointing power. He shall receive
5 a salary of ——— dollars per annum, payable quarterly
6 by the treasurer, and said commissioner shall keep a
7 true and correct account of all fees provided for by this
8 act and received by him, and shall account for the
9 same quarterly to the treasurer of state.

SECT. 2. Such commissioner shall annually examine
2 every insurance company incorporated by this state, in
3 such manner as to ascertain its ability to meet its en-

4 gagements and to do a safe insurance business; and he
5 shall make such other examinations as he may regard
6 necessary for the safety of the public or the holders of
7 policies. In all such cases he may require the officers
8 to produce for examination at the office of said com-
9 pany any and all books and papers of the company,
10 and to answer upon oath all questions which he may
11 propound to them in relation to the condition and
12 affairs of the company; and any officer who shall
13 refuse to produce any such books or papers upon his
14 demand, or to be sworn, or to answer any such ques-
15 tion, shall be subject to a penalty not exceeding one
16 hundred dollars.

SECT. 3. No insurance company incorporated in this
2 state shall commence business by issuing policies until
3 the commissioner shall first examine and ascertain that
4 the company has complied with the terms of its charter
5 and become qualified to act, and shall issue to said
6 company his certificate of that fact, for which service
7 he shall receive from the company a fee of ten dollars
8 and all travelling expenses.

SECT. 4. Every insurance company incorporated by
2 this state shall organize within one year from the date
3 of its charter, and shall inform the commissioner there-
4 of, or its charter shall be void.

SECT. 5. No joint stock fire, life and accident, or

2 mutual life insurance company, or co-operative associa-
3 tion, shall be permitted to do business in this state,
4 unless it shall have a bona-fide or paid up capital, or
5 cash assets amounting to one hundred thousand dollars.
6 No mutual fire insurance company shall hereafter com-
7 mence business of issuing policies in this state, until
8 at least one hundred thousand dollars of risks, in
9 amount shall have been secured.

SECT. 6. Every insurance company incorporated by
2 this state shall annually make to the commissioner a
3 statement under oath, of its secretary or treasurer of
4 its condition, according to such form as he may pre-
5 scribe; and to this end, he shall furnish all such
6 companies in the month of September of each year,
7 with suitable blanks for such purpose, to be filled by
8 them, one of which shall be returned to said commis-
9 sioner on or before the fifteenth day of January fol-
10 lowing.

SECT. 7. If upon examination, the commissioner is
2 of opinion that any insurance company incorporated
3 by this state is insolvent, or that the condition of its
4 affairs is such as to render its further proceedings
5 hazardous to the public, or to the holders of its pol-
6 icies, or that it has violated any provisions of law, he
7 shall apply to a justice of the supreme judicial court
8 to issue an injunction restraining said company, in

9 whole or in part from further proceeding with its bus-
10 iness, and thereupon similar proceedings shall be had
11 as are provided in chapter forty-seven of the revised
12 statutes in case of banks in similar circumstances, and
13 all the provisions of said chapter in relation to banks in
14 the hands of receivers shall apply to insurance com-
15 panies as far as the same are applicable.

SECT. 8. Whenever any foreign insurance company
2 doing business in this state, shall be dissolved, re-
3 strained or prohibited from doing business in the state,
4 any justice of the supreme judicial court, on applica-
5 tion of the commissioner, may appoint a receiver or
6 receivers to take charge and close up the affairs of such
7 company (or agency) within the state, as provided in
8 the preceding sections. And the assets of such com-
9 pany in this state shall be applied pro rata, to the
10 payment of creditors of said company resident in the
11 state, and any surplus remaining after the payment of
12 said creditors and the expenses incurred by the receiv-
13 ers shall be paid over by order of any justice of the
14 supreme judicial court as he shall direct.

SECT. 9. It shall not be lawful for any fire, life, or
2 accident insurance company incorporated by any other
3 state or government to transact any insurance business
4 in this state, unless the company shall first obtain a
5 license from the commissioner, authorizing the company

6 so to do. Before receiving such license, the company
7 shall furnish the commissioner with a true certified copy
8 of its charter and by-laws, together with a statement
9 under oath, signed by the president or secretary of
10 the company, showing its financial condition. Upon
11 receiving such copies and statement, the commissioner
12 shall grant such license (if in his opinion the company
13 is solvent, in conformity with the laws of this state),
14 which shall authorize the company to do an insurance
15 business in this state until the first day of April then
16 next. And annually thereafter, such license may be
17 renewed from year to year, so long as the commissioner
18 shall regard the company responsible and safe as afore-
19 said, such license in all cases to terminate on the first
20 day of April next succeeding. For such license the
21 company shall pay the commissioner the sum of ten
22 dollars.

SECT. 10. Every stock fire, life or accident insur-
2 ance company and mutual life insurance company
3 incorporated in this state, and every insurance com-
4 pany incorporated out of this state and doing business
5 therein, shall, annually, on or before the thirty-first
6 day of January, render to the commissioner an exact
7 statement, under oath, of its condition as it existed on
8 the thirty-first day of December previous, or its last
9 exhibit, setting forth the amount of its assets, how

10 invested, the amount of premium notes, if any, and
11 the amount of its liabilities.

SECT. 11. Every insurance company existing or
2 doing business in this state shall annually cause to
3 be published in some daily or weekly paper, published
4 in the county where said company is located, or has a
5 duly authorized agent, a condensed statement of its
6 condition as it existed at the time of its exhibit next
7 preceding, showing the amount of its capital stock or
8 assets, how the same is invested, the amount of pre-
9 mium notes, if any, its liabilities for accrued losses.
10 The commissioner shall preserve in a proper form the
11 statements of the condition of every company exam-
12 ined by him. He shall annually report to the legis-
13 lature the general condition of the several insurance
14 companies incorporated by this state, and also so far
15 as he may be able of companies located out of the
16 state and doing business therein, with such sugges-
17 tions as may be proper and necessary, and in connec-
18 tion therewith shall prepare an abstract of all the
19 returns and statements made to him by said insurance
20 companies.

SECT. 12. Any person having a claim against any
2 insurance company not incorporated by this state, may
3 sue therefor in the courts of this state, and service
4 made upon any authorized agent of said company shall

5 be valid and binding on the company and hold it to
6 answer to such suit; and the judgment rendered in
7 such suit shall bind the company as a valid judgment
8 in every respect, whether the defendants appear or not.
9 Unless any such judgment shall be paid within thirty
10 days after demand made upon any such agent by the
11 officer holding the execution, the commissioner may,
12 upon notice and hearing of the parties, suspend the
13 power of the company to do business in this state, until
14 it shall be paid, and if the company or any agent thereof
15 shall issue any policy in this state during such suspen-
16 sion, it shall forfeit a sum not exceeding one hundred
17 dollars.

SECT. 13. All notices and processes which by any
2 law, by-law or provision of any policy any insured or
3 other person has occasion to give to or serve on any
4 company incorporated out of the state, may be given
5 to the agent of said company, or served on him for the
6 company, with like effect as if given to or served on
7 the principal. Such agents and the agents of all com-
8 panies incorporated in this state, shall be regarded as
9 in the place of the company in all respects. The com-
10 pany shall be bound by their knowledge of the risk and
11 of all matters connected therewith. Omissions and mis-
12 descriptions known to the agent shall be regarded as
13 waived by the company the same as if noted in the

14 policy. No person shall be deemed to be the agent of
15 any insurance company, as herein provided, unless said
16 person is duly authorized by the company to issue or
17 countersign policies, or renewals of policies for said
18 company. And a duplicate of such authority duly cer-
19 tified and authenticated shall be filed in the office of
20 the register of deeds in the county where such agent
21 resides. Copies thereof duly certified by said register
22 shall be evidence in the courts of this state.

SECT. 14. Upon application in writing to any
2 justice of the supreme court by the officers of any
3 insurance company doing business in this state, stating
4 that they have reason to believe and do believe that
5 any person has procured of said company any insurance
6 by false representations, or that said person has sus-
7 tained a loss by the fraudulent act of the assured or
8 with his knowledge or consent, and said company
9 requests an investigation thereof, said justice shall
10 summon and examine, under oath, at such time and
11 place as he shall designate, any person or persons, and
12 require the production of all books and papers which
13 may be necessary for a full investigation of the facts,
14 and make report thereof with the testimony by him
15 taken, and report the same to the company making
16 such application. Such investigation shall be at the
17 expense of said company, and it shall pay to the said

18 justice the witness fees to be taxed as in the supreme
19 judicial court and his expenses, and five dollars per
20 day for his services.

SECT. 15. Whenever it shall come to the knowledge
2 of the commissioner that the actual funds of any life
3 insurance company doing business in this state are not
4 of a net cash value equal to its liabilities, including
5 the net value of its policies according to the "Com-
6 bined Experience" or "Actuaries' rate of mortality,"
7 with interest at four per cent. per annum, it shall be
8 his duty to give notice to such company and its agents
9 to cease issuing policies within this state. When he
10 shall become satisfied that the funds of such company
11 have become equal to its liabilities, valuing its policies
12 as aforesaid, he shall give notice to such company and
13 agents that its business may be resumed in the state.
14 If any officer or agent, after such notice of suspension
15 has been given, shall issue any new policy from or on
16 behalf of such company, he shall forfeit for each
17 offence a sum not exceeding one thousand dollars;
18 and the delivery of a policy in this state, by mail or
19 otherwise, shall be deemed an issuing of such policy.

SECT. 16. Any person acting as an agent of any
2 insurance company as hereinbefore specified, who shall
3 violate any of the provisions of this act, or shall act as
4 an agent, as aforesaid, for any company not authorized

5 under the provisions of this act to do business in this
6 state, shall forfeit for each offence a sum not exceed-
7 ing three hundred dollars, or imprisonment not exceed-
8 ing one year.

SECT. 17. No act or part of any act, passed by the
2 legislature of this state, shall be so construed as to
3 apply to any foreign marine insurance companies who
4 do not appoint agents to represent them in this state
5 in such manner as to interfere with the rights of any
6 citizens to effect their insurance with such company or
7 companies either by making application in person or
8 employing other persons to negotiate such insurance,
9 or to prevent any person or citizen of this state who
10 may desire to negotiate and effect insurance in such
11 companies on property belonging to or controlled by
12 any citizen or corporation incorporated by the laws of
13 this state from so doing.

SECT. 18. All acts and parts of acts inconsistent
2 with the provisions of this act are hereby repealed ;
3 and this act shall take effect and be in force from and
4 after its approval by the governor.

STATE OF MAINE.

IN HOUSE OF REPRESENTATIVES, }
February 5, 1870. }

Presented by Mr. TWITCHELL of Portland, ordered printed
and referred to the Committee on Mercantile Affairs and Insur-
ance.

S. J. CHADBOURNE, *Clerk.*