

MAINE STATE LEGISLATURE

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FIFTY-SECOND LEGISLATURE.

HOUSE.

No. 43.

STATE OF MAINE.

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

AN ACT additional to chapter forty-nine of the revised statutes, respecting insurance and insurance companies.

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

SECT. 1. Whenever, after setting aside a sum equal
2 to the full amount of premiums on outstanding marine
3 risks, together with one-half of all premiums on exist-
4 ing fire and inland risks, the cash assets of any insur-
5 ance company doing business in this state with a
6 specific capital, do not amount to more than three-
7 fourths of its capital stock, the company shall by
8 assessing the stock, or in some other legal manner,
9 restore its capital to the legal amount. Shares of
10 companies incorporated in this state on which such
11 assessment is not paid within sixty days after demand

12 upon the owner thereof, shall be forfeited, and ordered
13 by a vote of the directors to be sold at public auction,
14 seven days notice of the sale thereof shall be given in
15 some daily or weekly paper published in the place
16 where such company is located, the proceeds of sale,
17 after deducting expenses and the assessments due on
18 such shares, shall be paid to the owner or his repre-
19 sentative.

SECT. 2. Any insurance company doing business in
2 this state having a specific capital, which does not
3 within three months after receiving notice from the
4 insurance commissioner that its capital is thus impaired,
5 satisfy him that it has fully complied with the pro-
6 visions of this act, and restored to its legal amount its
7 capital, and a reserve of premiums sufficient to rein-
8 sure all outstanding risks, according to the rule afore-
9 said, shall be proceeded against according to the pro-
10 visions of the forty-eighth, fifty-second, and fifty-third
11 sections of the act to which this is additional.

SECT. 3. Every foreign insurance company doing busi-
2 ness in this state shall appoint in writing a citizen there-
3 of resident therein, a special agent upon whom all law-
4 ful processes against the company may be served with
5 like effect as if the company existed in this state ;
6 and said writing or power of attorney shall stipulate
7 and agree on the part of the company making the

8 same, that any lawful process against said company
9 which is served on said special agent, shall be of the
10 same legal force and validity as if served on said com-
11 pany. A copy of the writing duly certified and
12 authenticated shall be filed in the office of the secre-
13 tary of state, and copies certified by him shall be
14 sufficient evidence. This agency shall be continued
15 while any liability remains outstanding against the
16 company in this state, and the power shall not be
17 revoked until the same power is given to another, and
18 a like copy filed as aforesaid.

SECT. 4. It shall be the duty of the insurance com-
2 missioner, whenever he deems it necessary for the
3 protection of policy holders in this state, to visit and
4 examine any insurance company not incorporated in
5 this state and doing business by agencies therein. He
6 may employ such assistants as are necessary in making
7 the examination; all necessary expenses for such
8 examination without the state, shall be borne by the
9 company so examined.

SECT. 5. For the purposes aforesaid the commis-
2 sioner, or any person whom he may empower, shall have
3 free access to all the books and papers of any insur-
4 ance company doing business in this state, and may
5 examine under oath its officers or agents relative to its
6 business and condition. If any such company, its

7 officers or agents, refuse to submit to such examination
8 or to comply with any provisions of this act in relation
9 thereto, the authority of such company to do business
10 in this state shall be revoked until such time as satis-
11 factory proof is furnished to the commissioner that the
12 company is in a sound and solvent condition.

SECT. 6. The governor and council may allow such
2 reasonable compensation for services rendered and
3 expenses incurred in enforcing the laws relating to
4 insurance companies as they deem proper.

SECT. 7. Whenever receivers are appointed for any
2 insurance company of this state, as provided in said
3 chapter forty-nine, they shall have the same power
4 and rights of action, and the course of proceeding so
5 far as applicable shall be the same as prescribed for
6 receivers of banks in the forty-seventh chapter of the
7 revised statutes.

SECT. 8. Every life insurance company doing busi-
2 ness in this state shall provide for a surrender value
3 on all its policies issued on the lives of persons within
4 the state, of at least the reserve thereon according to
5 the "actuaries" rate of mortality, and four per cent.
6 interest per annum. Whenever such reserve, after
7 deducting all notes and loans on every lapsed and
8 surrendered policy shall amount to more than ten per
9 cent. of the insurance value on such policy, according

10 to "Wright's savings bank life insurance tables,"
11 which shall be used in making such valuations, the
12 balance shall be allowed to the insured in full payment
13 of as much insurance, under the provisions and stipu-
14 lations of the original policy, as the same will purchase
15 as a single net premium according to the rate of
16 mortality and interest aforesaid.

SECT. 9. The foregoing section shall not apply to
2 policies providing for a *pro rata* surrender value after
3 not more than two annual premiums have been paid
4 thereon, nor to policies allowing a surrender value
5 equal to the premiums paid as aforesaid, nor to
6 savings bank, life insurance or deposit policies which
7 provide for a full and definite surrender value after
8 one full premium has been paid thereon, nor to the
9 policies of any company providing for a full net sur-
10 render value on the same according to the rate of
11 mortality and interest upon which its rates are based,
12 nor to policies issued by companies incorporated in
13 states having laws providing for the non-forfeiture of
14 the same.

SECT. 10. If any life insurance company fails or
2 refuses to comply with the aforesaid provisions, the
3 insured may bring suit therefor in the courts as pro-
4 vided in said chapter forty-nine; and no provision of
5 forfeiture, except for fraud, in any policy, shall pre-

6 vent recovery by the insured of any claim arising under
7 this act, against the company issuing the same.

SECT. 11. The insurance commissioner may, upon
2 application and the payment of a fee of one dollar by
3 any policy-holder in this state, furnish him with a
4 certificate of the surrender value, or may certify the
5 same on the back of his policy, according to the afore-
6 said tables.

SECT. 12. The officers and directors of any life
2 insurance company doing business in this state and
3 reinsuring its risks in some other company, shall be
4 held personally liable for all legal claims made upon
5 such company, until all its outstanding insurance in
6 this state shall be reinsured in some responsible com-
7 pany. This provision shall apply to all suits pending
8 before or during such reinsurance, and upon which
9 judgments may be obtained. The course of proceeding
10 under this section shall be the same as provided for in
11 case of action against insurance companies in said
12 chapter forty-nine.

SECT. 13. This act shall take effect upon its ap-
2 proval by the governor.

STATE OF MAINE.

IN HOUSE OF REPRESENTATIVES, }
February 13, 1873. }

Laid on the table and ordered printed, on motion of FESSEN-
DEN.

S. J. CHADBOURNE, *Clerk.*