

MAINE STATE LEGISLATURE

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FIFTY-SECOND LEGISLATURE.

SENATE.

No. 46.

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 :

SECTION 1. Whenever, after setting aside a sum
2 equal to the full amount of premiums on outstanding
3 marine risks, together with one-half of all premiums
4 on existing fire and inland risks, the net assets of any
5 insurance company with a specific capital, do not
6 amount to more than three-fourths of its capital stock,
7 the company shall by assessing the stock, restore its
8 capital to the legal amount. Shares on which such
9 assessment is not paid within sixty days after demand
10 upon the owner thereof shall be forfeited, and ordered
11 by a vote of the directors to be sold at public auction,

12 seven days notice of the sale thereof shall be given in
13 some daily or weekly paper published in the place
14 where such company is located, the proceeds of sale,
15 after deducting expenses and the assessments due on
16 such shares, shall be paid to the owner or his repre-
17 sentative, *provided*; that whenever the capital stock of
18 any insurance company shall be impaired as aforesaid,
19 such company may by a majority vote of the stock, at
20 a meeting of the stockholders legally called, reduce
21 its capital, by cancelling its shares *pro rata* to the
22 number thereof, or may reduce the par value of its
23 shares, or such company may thus reduce its capital
24 stock and also assess as hereinbefore provided; but no
25 such company shall reduce its capital stock as afore-
26 said more than twenty per cent. thereof nor to a sum
27 less than one hundred thousand dollars.

SECT. 2. Any insurance company incorporated 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 im-
5 paired, satisfy him that it has fully complied with the
6 provisions of this act relating thereto, shall be pro-
7 ceeded against according to the provisions of the forty-
8 eighth section of the act to which this is additional.

SECT. 3. Whenever, after setting aside a sum equal
2 to that required by the previous sections, the cash

3 assets of any foreign insurance company having a
4 specific capital, doing business in this state, do not
5 amount to more than three-fourths of its legal capital,
6 the company shall, by assessing its stock for the differ-
7 ence, or in some other way, repair its capital to its
8 legal amount, and unless it do so within three months
9 after notice from the insurance commissioner, shall no
10 longer be permitted to do business in this state, and
11 the commissioner shall thereupon proceed as provided
12 in sections fifty-two and fifty-three of said chapter of
13 the revised statutes, if in his opinion such proceeding
14 is necessary.

SECT. 4. Section sixty-two of said chapter is
2 amended so as to read as follows :

3 Sect. 62. No foreign insurance company shall be
4 admitted to do business in this state unless it have a
5 *bona fide*, paid up, unimpaired capital, if a stock com-
6 pany, of at least one hundred thousand dollars, well
7 invested in or secured by real estate, bonds, stock, or
8 securities other than names alone, or if a mutual com-
9 pany, cash assets to the amount aforesaid. And no
10 stipulations or conditions shall deprive the courts of
11 this state of jurisdiction of actions against such com-
12 panies, nor limit the time of commencing them to a
13 period of less than two years from the time the cause
14 of action accrues.

SECT. 5. Section seven is amended so as to read as follows :

SECT. 7. The capital and other assets of insurance companies incorporated in this state, except such as may be needed for immediate use, shall be invested in the funded debt or bonds of the United States, or any of the New England States, or in the bonds or securities of county, city or other municipal corporations of said New England States, or in the purchase of real estate in fee, or loans on mortgage of real estate, or deposit in savings banks in said states, or in the bonds or stocks of incorporated companies of said states of an undoubted character for credit, insurance company stock or bonds excepted, and in no case shall any such funds be loaned on the security of names alone.

SECT. 6. The assignee of any policy, the assignment of which has been assented to by the company or its agent, may sue the company on the policy in his own name, and all sums due on such policy may be recovered in such suit, subject to any defence existing against the original party, the assignee so suing to hold the judgment or its proceeds subject to the claims and equities of any other parties who may be interested therein.

SECT. 7. It shall be the duty of the insurance commissioner, 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; *provided*, that in relation to
10 the affairs of any company incorporated by or organ-
11 ized under the laws of any state of the United States,
12 it shall be optional with the said commissioner to
13 accept the certificate of the insurance commissioner or
14 superintendent of the state, under the laws of which
15 the said company was organized, as to its standing
16 and condition, or to proceed to investigate its affairs as
17 hereinbefore provided.

SECT. 8. 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 examina-
8 tion, or to comply with any provisions of this act in
9 relation thereto, the authority of such company to do
10 business in this state shall be revoked until such time
11 as satisfactory proof is furnished to the commis-

12 sioner that the company is in a sound and solvent
13 condition.

SECT. 9. 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. 10. Receivers appointed for any insurance
2 company of this state, as provided in said chapter
3 forty-nine, shall have the same power and rights of
4 action, and the course of proceeding so far as appli-
5 cable shall be the same, as prescribed for receivers
6 of banks in the forty-seventh chapter of the revised
7 statutes.

SECT. 11. 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, with interest at
6 four per cent. per annum. Whenever such reserve,
7 after deducting all notes and loans on every lapsed
8 policy which shall be surrendered within one year
9 after payments have ceased, shall amount to more than
10 ten per cent. of the insurance value of such policy,
11 according to "Wright's" savings bank life insurance
12 tables, the balance shall be allowed to the insured
13 in full payment for as much insurance, payable as

14 provided in the original policy, as the same will pur-
15 chase as a single net premium, computed on the rate
16 of mortality and interest aforesaid. This section shall
17 not apply to policies providing for a *pro rata* surren-
18 der value when two full annual premiums have been
19 paid thereon, nor to annual life policies providing for
20 a surrender value in insurance equal to the premiums
21 after the number paid as aforesaid, nor to savings
22 bank or deposit policies providing for a full surrender
23 value when one full annual payment of premium has
24 been made thereon, nor to policies issued by any com-
25 pany providing for a full surrender value in insurance
26 when two full annual payments of premium have been
27 made thereon according to the rate of mortality and
28 interest upon which its rates are based, nor to policies
29 issued by companies incorporated in states having
30 laws providing for non-forfeiture of such policies.

SECT. 12. If any life insurance company fails or
2 refuses to comply with the aforesaid provisions, the
3 insured may bring suit for such surrender value in the
4 courts as provided in said chapter forty-nine; and no
5 provision of forfeiture, relating to the nonpayment of
6 premiums in any policy issued after the passage of
7 this act shall prevent recovery by the insured of any
8 claim arising under this act, against the company
9 issuing the same.

SECT. 13. The insurance commissioner may, upon application and the payment of a fee of one dollar by any policy-holder in this state, furnish him with a certificate of the surrender value, or may certify the same on the back of his policy, according to the afore-said tables.

SECT. 14. The officers and directors of any life insurance company doing business in this state and reinsuring its risks in some other company, shall be held personally liable for all legal claims made upon such company, until all its outstanding insurance in this state shall be reinsured in some responsible company. This provision shall apply to all suits pending before or during such reinsurance, and upon which judgments may be obtained. The course of proceeding under this section shall be the same or otherwise as provided for in case of action against insurance companies in said chapter forty-nine.

SECT. 15. This act shall take effect when approved.

STATE OF MAINE.

IN SENATE, February 20, 1873.

Reported from the Committee on Mercantile Affairs and Insurance, by Mr. HUMPHREY of Cumberland, and laid over to be printed under the Joint Rule

SAMUEL W LANE, *Secretary.*