

MAINE STATE LEGISLATURE

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FIFTY-FIFTH LEGISLATURE.

HOUSE.

No. 116.

STATE OF MAINE.

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

AN ACT relating to insurance companies.

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

SECTION 1. Any ten or more persons, residents of
2 this state, who shall associate themselves together, by
3 an agreement in writing, such as is hereinafter de-
4 scribed, with the intention of constituting a corpora-
5 tion for the purpose of transacting the business of
6 insurance, either upon the stock or mutual principle
7 against loss or damage by fire, by lightning, by tem-
8 pest, or by the perils of the sea, and other perils
9 usually insured against by marine insurance companies,
10 including risks of inland navigation and transportation,
11 shall become a corporation upon complying with the
12 provisions of section nine of this act, and shall remain

13 a corporation with all the powers, rights, and privi-
14 leges, and subject to all the duties, liabilities and
15 restrictions set forth in all general laws, which are, or
16 may be, in force relating to insurance corporations.

SECT. 2. Such agreement shall set forth the fact
2 that the subscribers thereto, associated themselves
3 with the intention to constitute a corporation, the
4 name by which the corporation shall be known, the
5 class or classes of insurance for the transaction of
6 which the corporation is to be constituted, the plan or
7 principle upon which the business is to be conducted,
8 the town or city in which it is established or located,
9 and, if a joint stock company, the amount of its cap-
10 ital stock, and if a mutual company with a guarantee
11 capital, the amount thereof. The capital stock of a
12 joint stock company organized for any of the purposes
13 hereinbefore mentioned, shall not be less than one
14 hundred thousand dollars.

SECT. 3. Any mutual insurance company may be
2 organized under the provisions of this act with a guar-
3 antee capital of not less than one hundred thousand
4 dollars, divided into shares of \$100 each ; and no policy
5 shall be issued by such corporation until one-fourth, at
6 least, of its guarantee capital shall have been paid in, in
7 cash, and invested in state or municipal bonds of the
8 New England states and of municipalities therein.

SECT. 4. No policy shall be issued by a purely
2 mutual company until applications shall have been
3 made in good faith, for insurance to the amount of
4 thirty thousand dollars ; and no policy shall be issued
5 by a joint stock company until one-half of its capital
6 stock shall have been paid in, in cash, and invested
7 as provided in section three.

SECT. 5. Any name, not previously in use by an
2 existing corporation or company, may be adopted,
3 provided that the words "insurance" or "mutual in-
4 surance" (as the business is to be conducted) shall
5 constitute part of such title. The insurance commis-
6 sioner may refuse his certificate hereinafter provided,
7 if, in his judgment, the name adopted too closely
8 resembles the name of an existing corporation, or
9 company, or is likely to mislead the public, until the
10 adoption of a different name.

SECT. 6. The first meeting for the purpose of an
2 organization shall be called by a notice signed by one
3 or more of the subscribers to such agreement, stating
4 the time, place, and purpose of the meeting, a copy of
5 which notice shall seven days at least before the day
6 appointed be given to each subscriber, or left at his
7 usual place of business or residence, or deposited in
8 the post office, postage prepaid, and addressed to him
9 at his usual place of business or residence. Such

10 notice shall be proved by affidavit of the person
11 giving it.

SECT. 7. At such first meeting, including any ad-
2 journalment thereof, an organization shall be effected by
3 the choice, by ballot, of a temporary clerk, who shall
4 be sworn to the faithful discharge of his duties; by
5 the adoption of by-laws, (consistent with the consti-
6 tution and laws of this state) and by the election, in
7 the manner provided by law, of directors and such
8 other officers as the law may require, but at such
9 first meeting no person shall be a director, who has
10 not subscribed to the articles of association. The
11 temporary clerk shall record the proceedings until and
12 including the qualification of the secretary of the cor-
13 poration, by his being duly sworn. No organization
14 shall be effected at any such meeting or its adjourn-
15 ment, unless a majority of the subscribers to the
16 articles of agreement and association, are present and
17 voting.

SECT. 8. The directors, so chosen, shall elect a
2 president, a secretary and other officers, which, under
3 the by-laws, they are authorized to choose.

SECT. 9. The president, secretary, and a majority
2 of the directors, shall forthwith make, sign and swear
3 to a certificate setting forth a copy of the articles of
4 association, with the names of the subscribers thereto,

5 the date of the first meeting, and of any adjournment
6 thereof, and shall submit such certificate and the
7 records of the corporation to the inspection of the
8 insurance commissioner, who shall examine the same,
9 and who may require such other evidence as he may
10 deem necessary. The commissioner, if it shall appear
11 that the requirements of sections seven and eight have
12 been complied with, shall certify that fact and his
13 approval of the certificate by endorsement thereon.
14 Such certificate shall thereupon be filed in the office
15 of the secretary of state by said officers, and upon
16 being paid by them the fee hereinafter provided, the
17 secretary shall cause the same with the endorsement
18 thereon to be recorded, and shall thereupon issue to
19 said corporation a certificate in the following form :

20 STATE OF MAINE.

21 Be it known, that whereas [names of subscribers to
22 association] have associated themselves with the in-
23 tention of forming a corporation under the name
24 of ———, for the purpose [here the purpose
25 declared in the articles of association shall be inserted]
26 with a capital stock of ———, and have complied with
27 the provisions of the statutes of this state, in such case
28 made and provided, as appears from the certificate of
29 the president, secretary and directors of said corpo-
30 ration, duly approved by the insurance commissioner,

31 and recorded in this office. Now, therefore, I —
32 —, secretary of the State of Maine, do hereby cer-
33 tify that [subscribers' names] their associates and suc-
34 cessors, are legally organized and established as, and
35 are hereby made, an existing corporation, under the
36 name of [—] with all the powers, rights and
37 privileges, and subject to the duties, liabilities, and re-
38 strictions, which by law appertain thereto. Witness
39 my official signature, hereunto subscribed, and the seal
40 of the State of Maine hereunto affixed, this — day
41 of — A. D. —. (In case of purely mutual com-
42 panies, so much as relates to capital stock shall be
43 omitted.) The secretary of state shall sign the same
44 and cause the seal of the state to be thereto affixed,
45 and such certificate shall have the force and effect of a
46 special charter, and be conclusive evidence of the or-
47 ganization and establishment of such corporation.
48 Said certificate shall be duly recorded in the office of
49 the secretary of state, and a duly authenticated copy
50 of such record may be used in evidence, with like
51 effect as the original certificate.

SECT. 10. Any joint stock insurance company may
2 at a meeting called for the purpose, increase the
3 amount of its capital stock, and the number of shares
4 therein, and, within thirty days after the payment and
5 collection of the last instalment of such increase, shall

6 present to the insurance commissioner a certificate set-
7 ting forth the amount of such increase, and the fact of
8 such payment, signed and sworn to by the president,
9 secretary, and a majority of the directors of such corpo-
10 ration. The insurance commissioner shall examine the
11 certificate, and ascertain the character of the invest-
12 ments of such increase, and if the same conforms to
13 law, shall endorse his approval thereof, and such certifi-
14 cate shall then be filed with the secretary of state, and
15 thereupon the company shall be authorized to transact
16 business upon the capital so increased, and the insur-
17 ance commissioner shall issue his certificate to that
18 effect, and any mutual insurance company, with a guar-
19 antee capital, may increase its capital in the same
20 manner.

SECT. 11. The fees of the secretary of state for the
2 services required in the two preceding sections shall
3 be twenty dollars and ten dollars, respectively.

SECT. 12. All insurance companies incorporated
2 and organized under the laws of this state, shall have
3 their principal place of business in some town or city
4 of this state, and a majority of its directors shall be
5 citizens of the state.

SECT. 13. No joint stock insurance company, organ-
2 ized under the laws of this state, shall declare cash
3 dividends exceeding in amount six per centum, semi-

4 annually, on their capital stock ; but any such com-
5 pany may issue, pro rata to the stockholders, certifi-
6 cates of such portion of its profits and income as the
7 directors may, from time to time, determine, not
8 including therein any portion of the premium money
9 of risks not terminated ; and after providing for all
10 expenses, losses and liabilities then incurred ; and the
11 capital stock of such company shall be increased by
12 the amount of the certificates of stock so issued ; and
13 whenever any increase of capital stock shall be made
14 by any insurance company, under the provisions of
15 this act, a certificate thereof shall be filed with the
16 insurance commissioner, whose duty it shall be to
17 certify to the amount of the capital stock of the com-
18 pany, so increased, in like manner as is provided in
19 section ten.

STATE OF MAINE.

IN HOUSE OF REPRESENTATIVES, }
February 12, 1876. }

Reported from the Joint Special Committee on Constitutional
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ORAMANDAL SMITH, *Clerk.*