

# MAINE STATE LEGISLATURE

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# Sixty - Second Legislature.

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SENATE.

No. 123.

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## STATE OF MAINE.

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IN THE YEAR OF OUR LORD ONE THOUSAND EIGHT HUNDRED AND  
EIGHTY-FIVE.

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AN ACT to regulate the Formation of Insurance  
Companies on the Assessment Plan.

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

SECTION 1. Any ten or more persons, residents  
2 of this State, associated by such an agreement in  
3 writing as is hereafter described, with the intention  
4 of constituting a corporation, fraternal or non-fra-  
5 ternal, for the transaction of the business of life  
6 or casualty insurance, or both life and casualty in-  
7 surance, upon the co-operative or assessment plan,  
8 shall upon complying with section forty-six of  
9 chapter forty-nine of the Revised Statutes, become  
10 and remain a corporation with all the powers,  
11 rights and privileges, and subject to all the duties,

12 liabilities and restrictions set forth in all general  
13 laws relating to insurance corporations, except as  
14 modified by the provisions of this act.

SECT. 2. Such agreement shall set forth the fact  
2 that the subscribers thereto associate themselves  
3 together with the intention to constitute a corpo-  
4 ration, the name by which it shall be known, the  
5 class or classes of insurance for the transaction  
6 of which it is to be constituted, the plan or prin-  
7 ciple upon which the business is to be conducted,  
8 and the town or city in which it is to be estab-  
9 lished or located.

SECT. 3. Said corporation shall be organized in  
2 the manner provided in sections forty-three,  
3 forty-four, forty-five and forty-six of chapter forty-  
4 nine of the Revised Statutes.

SECT. 4. Every such corporation shall at all  
2 times keep on deposit with the treasurer of State  
3 a sum of money equal to one assessment on all the  
4 members thereof, and if said corporation shall  
5 neglect for thirty days to satisfy any judgment  
6 recovered against it in any court in this State upon  
7 any certificate issued by it the said treasurer shall  
8 apply the money so in his possession to the satis-  
9 faction of said judgment, and said corporation  
10 shall not transact any further business until said

11 deposit is restored. Every such corporation shall  
12 annually on the first day of January deposit with  
13 the treasurer of State as a reserve fund for the  
14 benefit and protection of its certificate-holders  
15 cash or securities approved by said treasurer to an  
16 amount equal to ten per centum of its total receipts  
17 on assessments made to pay death benefits during  
18 the year then ended until said reserve fund so ac-  
19 cumulated shall amount to twenty-five thousand  
20 dollars.

SECT. 5. No part of the money realized from the  
2 assessments made to pay death benefits, shall be  
3 used for any other purpose than the paying of said  
4 death benefits.

SECT. 6. The Insurance Commissioner shall an-  
2 nually examine the books and accounts of every  
3 such corporation, and shall make such other exami-  
4 nations as he regards necessary for the safety of  
5 the public or the holders of certificates. He may  
6 require the officers of any such corporation to pro-  
7 duce for examination all books and papers belong-  
8 ing to such corporation, and to answer on oath all  
9 questions propounded to them in relation to its  
10 condition or affairs; and any officer of such a cor-  
11 poration who refuses to produce any book or paper  
12 upon his demand, or to be sworn or to answer any

13 such questions, forfeits not exceeding two hundred  
14 dollars.

SECT. 7. The Commissioner at his annual exami-  
2 nation, if he finds that the company has complied  
3 with the provisions of section four of this act, shall  
4 issue to it his certificate of that fact. For making  
5 such examination he shall receive from the corpora-  
6 tion so examined, twenty dollars and all travelling  
7 expenses.

SECT. 8. If any such corporation shall fail to  
2 comply with any of the provisions of this act, or  
3 if on examination the Commissioner thinks that it  
4 is in such a condition as to render its further transac-  
5 tion of business hazardous to the public or its  
6 certificate holders, he shall cause such proceedings  
7 to be instituted against the corporation as are pro-  
8 vided in section sixty-seven of chapter forty-nine  
9 of the Revised Statutes, so far as the same are  
10 applicable, and the funds in the hands of the Treas-  
11 urer of State shall be disposed of in accordance  
12 with the provisions of this act, and the pro-  
13 visions of sections fifty-seven to sixty-three of  
14 chapter forty-nine of the Revised Statutes.

SECT. 9. No person or association shall carry on  
2 the business of life or casualty insurance upon the  
3 assessment plan except under the provisions of

4 this act. And if any person solicits, receives or  
5 forwards any application for such insurance con-  
6 trary to the provisions hereof, he shall become  
7 liable to the penalty provided in section seventy-  
8 three of chapter forty-nine of the Revised Statutes,  
9 to be recovered in an action of debt in the name  
10 and to the use of the State, to be commenced and  
11 prosecuted by the Attorney General on the request  
12 of the Insurance Commissioner.

SECT. 10. The provisions of this act shall not  
2 be construed to apply to organizations which do  
3 not employ paid solicitors or canvassers, or pay,  
4 or cause, or allow to be paid commissions or fees  
5 for procuring membership therein or obtaining ap-  
6 plications for insurance upon the assessment plan,  
7 or to any foreign organizations or corporations  
8 doing business on the assessment plan, now having  
9 lodges, councils or other local organizations estab-  
10 lished in the State, or to prohibit them from con-  
11 tinuing their business in this State in their cus-  
12 tomary manner. The payment of officers of any  
13 such organizations, who perform the official duties  
14 usually incumbent on secretaries and treasurers,  
15 shall not be held to constitute them paid solicitors  
16 or canvassers of such organization.

SECT. 11. This act shall take effect when ap-  
2 proved.

STATE OF MAINE.

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IN SENATE CHAMBER, }  
February 24, 1885. }

Amendment offered by Mr. YOUNG and laid on table to be printed.

C. W. TILDEN, *Secretary.*