

# MAINE STATE LEGISLATURE

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# Sixty-Fourth Legislature.

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HOUSE.

No. 82.

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## STATE OF MAINE.

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

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### AN ACT relating to Life and Casualty Insurance 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. Every contract whereby a benefit is  
2 to accrue to the party or parties named therein upon  
3 the death or physical disability of a person, which  
4 benefit is in any degree or manner conditioned upon  
5 the collection of an assessment upon persons hold-  
6 ing similar contracts, shall be deemed a contract of  
7 insurance on the assessment plan, and the business  
8 involving the issuance of such contracts shall be  
9 carried on in this State only by duly organized  
10 corporations, which shall be subject to the pro-

11 visions and requirements of this act; but nothing  
12 herein contained shall be construed as applicable to  
13 organizations which conduct their business as fra-  
14 ternal societies, on the lodge system, or to organ-  
15 izations which do not employ paid agents in  
16 soliciting business, other than in the preliminary  
17 organizations of local branches or limit their  
18 certificate holders to a particular order or fra-  
19 ternity or to the employees of a particular town  
20 or city, designated firm, business house or corpo-  
21 ration; or to organizations which are unincorporated  
22 and limit the amount of every certificate issued to  
23 a maximum amount not exceeding five hundred  
24 dollars on any one risk. If the benefit is to accrue  
25 through the death of an insured person, the contract  
26 shall be a life insurance; if through the accidental  
27 death only, or the physical disability from accident  
28 or sickness of the insured, it shall be of casualty  
29 insurance.

SECT. 2. Seven or more persons, citizens of this  
2 State, may form a corporation to carry on the  
3 business of life or casualty insurance, or both, on  
4 the assessment plan. Such corporations shall be  
5 organized, and the proceedings thereunder shall  
6 conform to sections 1, 2 and 3 of chapter 55 of the  
7 Revised Statutes; but no such corporation shall

8 begin to do business until at least three hundred  
9 persons have subscribed, in writing, to be insured  
10 therein, and have each paid in one full mortuary  
11 assessment, to be held in trust for the benefit of  
12 the beneficiaries, nor until said corporation has  
13 filed with the insurance commissioner a certified  
14 copy of the record of its organization and by-laws,  
15 which has been approved by him; nor until the  
16 insurance commissioner has certified that it has  
17 complied with the provisions of this act, and is  
18 authorized to transact business. No organization  
19 under the provisions of this act shall continue  
20 valid more than one year unless the organization  
21 has been completed and business begin thereunder.

SECT. 3. Any corporation existing under the  
2 laws of this State and now engaged in transacting  
3 the business of life or casualty insurance on the  
4 assessment plan, may re-incorporate under the  
5 provisions of this act in the manner provided by  
6 chapter 55 of the Revised Statutes; *provided*, that  
7 nothing in this act contained shall be construed as  
8 requiring or making it obligatory upon any such  
9 corporation to re-incorporate, and any such cor-  
10 poration may continue to exercise all rights,  
11 powers and privileges conferred by its charter, and

12 by this act; not intending that this act shall in any  
13 way abrogate, abridge or supersede any rights now  
14 vested in the several existing companies under  
15 their respective charters, but that its provisions  
16 shall only be considered as additional thereto.

SECT. 4. When the insurance commissioner, on  
2 investigation, is satisfied that any corporation  
3 doing business in this State, under this act, has  
4 exceeded its powers, failed to comply with any  
5 provision of law, or is conducting business fraud-  
6 ulently, he shall report the facts to the attorney  
7 general, who shall thereupon apply to a justice of  
8 the Supreme Judicial Court for an injunction  
9 restraining such corporation from the further  
10 prosecution of business; and the said justice, upon  
11 hearing the matter, may issue such injunction, or  
12 decree the removal of any officer, and substitute  
13 a suitable person to serve in his stead until a suc-  
14 cessor is duly chosen, and may make such other  
15 order and decrees as the interest of the corporation  
16 and the public may require.

SECT. 5. No corporation organized under the  
2 laws of this State shall transfer its risks to or re-  
3 insure them in any other corporation, unless the  
4 said contract of transfer or re-insurance is first

5 submitted to and approved by a two-thirds vote of  
6 those present and voting at a meeting of the in-  
7 sured called to consider the same, of which meeting  
8 a written or printed notice shall be mailed to each  
9 policy or certificate holder at least ten days before  
10 the day fixed for said meeting; and, in case said  
11 transfer or re-insurance shall be approved, every  
12 policy or certificate holder of the said corporation  
13 who shall file with the secretary thereof, within  
14 five days after the said meeting, written notice of  
15 his preference to be transferred to some other cor-  
16 poration than that named in the contract, shall be  
17 accorded all the rights and privileges, if any, in aid  
18 of such transfer as would have been accorded under  
19 the terms of the said contract had he been trans-  
20 ferred to the corporation named therein.

SECT. 6. Any corporation organized under this  
2 act shall keep on deposit with the treasurer of the  
3 State of Maine a reserve fund for the benefit and  
4 protection of certificate holders in said corporation;  
5 for the creation of which it shall on or before the  
6 thirty-first day of December of each year, deposit  
7 with said treasurer in the case of life companies  
8 not less than fifteen per cent, and in case of casu-  
9 alty companies, not less than ten per cent of total

10 receipts on assessments made to pay death benefits,  
11 or indemnity claims, during the year then ended  
12 until the reserve fund so accumulated shall amount,  
13 together with the amount there deposited prior to  
14 the passage of this act, in the case of life companies  
15 to not less than fifty thousand dollars; and in the  
16 case of casualty companies to not less than twenty-  
17 five thousand dollars. These amounts may be  
18 deposited in such interest bearing securities as the  
19 Governor and Council may approve, or in such  
20 securities as any insurance company or savings  
21 bank may, from time to time, be by law authorized  
22 to invest their deposits in. These securities shall  
23 be held in trust by the treasurer of State, but the  
24 corporation shall have at all times, the right to  
25 exchange any part of said securities for others of  
26 like amount and character. When deemed advisa-  
27 ble by a majority of the directors such a part of  
28 the fund as may be considered necessary, may be  
29 applied from time to time, to the payment of death  
30 losses, in order to reduce the number of assess-  
31 ments upon the members of the association, and  
32 the expenses necessarily incident thereto, or in the  
33 same manner to the payment of accident claims  
34 and for no other purpose. *Provided, however, that*

35 said fund shall not at any time be reduced below  
36 an amount equal one assessment upon all of its  
37 members. The insurance commissioner shall  
38 annually in February certify to the treasurer of  
39 State the minimum amount of reserved fund re-  
40 quired to be kept on deposit in the State treasury  
41 by each corporation doing business under this act.  
42 If said corporation shall neglect for sixty days to  
43 satisfy any judgments against it, in any court in  
44 this State, then, the said treasurer shall convert  
45 into money any of said securities, and forth-  
46 with satisfy such judgment, and said corpora-  
47 tion shall not transact any further business until  
48 said deposit is restored. When any such corpora-  
49 tion shall discontinue business any justice of the  
50 supreme judicial court may appoint a receiver or  
51 agent to administer any unexhausted portion of  
52 said fund, which shall be used, less compensation  
53 not to exceed five per cent, as such court or justice  
54 may allow the receiver or agent, first, in the pay-  
55 ment of accrued mortuary or indemnity claims  
56 upon certificates or policies, or if insufficient to pay  
57 such claims in full, they shall be paid pro  
58 rata; second, if a balance remains after the pay-  
59 ment of such claims, such balance to be distributed



60 to the holders of certificates then in force, pro rata,  
61 in accordance with the maximum amount named  
62 therein after first paying all expenses incident to  
63 such distribution.

SECT. 7. Any corporation organized under author-  
2 ity of another State or government to issue policies  
3 or certificates of life or casualty insurance on the  
4 assessment plan, as a condition precedent to the  
5 transaction of business in this State, shall deposit  
6 with the insurance commissioner a certified copy  
7 of its charter; a statement under oath, of its presi-  
8 dent and secretary, in the form by the insurance  
9 commissioner required, of its business for the  
10 preceding year; a certificate, under oath, of its  
11 president and secretary, that it is paying and for  
12 the twelve months next preceding has paid, the  
13 maximum amount named in its policies or certifi-  
14 cates in full; a certificate from the proper authority  
15 in its home State that corporations of this State,  
16 engaged according to the provisions of this act in  
17 life or casualty insurance on the assessment plan,  
18 are legally entitled to do business in such State; a  
19 copy of its policy or certificate and application,  
20 which must show that benefits are provided for by  
21 assessment upon policy or certificate holders; evi-

22 dence satisfactory to the insurance commissioner  
23 that the corporation accumulates a fund, equal in  
24 amount to that required by section six of this act,  
25 that such accumulation is permitted by the law of  
26 its incorporation, and is a trust for the benefit of  
27 policy or certificate holders, and is securely invested.  
28 Every such corporation, and agent of such corpo-  
29 ration, shall also comply with the provisions of  
30 sections 73-74-75 of chapter 49 of the Revised  
31 Statutes. The insurance commissioner may there-  
32 upon issue or renew the authority of such corpo-  
33 ration to do business in this State, and such  
34 authority shall be revoked whenever the insurance  
35 commissioner, on investigation, is satisfied that  
36 such corporation is not paying the maximum amount  
37 named in its policies or certificates in full. And it  
38 shall be the duty of the insurance commissioner to  
39 enforce the provisions of section 75 of chapter 49  
40 of the Revised Statutes.

Upon such revocation the commissioner shall  
42 cause notice thereof to be published in the news-  
43 paper in which the general laws are published and  
44 no new business shall be thereafter done by said  
45 corporation or its agents in this State. Any person  
46 having a claim against any foreign insurance com-

47 pany, may bring any appropriate suit therefor in  
48 the courts of this State. The insurance commis-  
49 sioner of this State shall be the authorized and  
50 local attorney of every foreign insurance company  
51 doing business under this act, and service made on  
52 the said commissioner shall be valid and binding  
53 thereon, and hold it to answer to any action brought  
54 against it in any court of this State.

SECT. 8. No corporation doing business as a life  
2 insurance company under this act shall issue a cer-  
3 tificate or policy upon the life of any person more  
4 than sixty years of age, and every call for payments  
5 by the policy or certificate holders, shall distinctly  
6 state the purpose of the same, whether for mortuary  
7 or indemnity claims or for expenses.

SECT. 9. The money or other benefit, charity,  
2 relief or aid to be paid, provided or rendered by  
3 any corporation authorized to do business under  
4 this act, shall not be liable to attachment by trustee  
5 or other process and shall not be seized, taken,  
6 appropriated or applied by any legal or equitable  
7 process, nor by operation of law, to pay any debt  
8 or liability of a policy or certificate holder, or any  
9 beneficiary named therein. The beneficiary named  
10 in any certificate may be changed by the holder of

11 the certificate at any time under such regulations  
12 as the corporation may prescribe.

SECT. 10. Any solicitor, agent or examining  
2 physician who shall knowingly or wilfully make  
3 any false or fraudulent statement or representation  
4 in or with reference to any application for in-  
5 surance, or for the purpose of obtaining any  
6 money or benefit, in any corporation transacting  
7 business under this act, shall be guilty of a mis-  
8 demeanor, and, upon conviction, shall be punished  
9 by a fine of not less than one hundred or more  
10 than five hundred dollars, or imprisonment in the  
11 county jail for not less than thirty days or more  
12 than one year, or both, at the discretion of the  
13 court.

SECT. 11. Every corporation doing business  
2 under this act, or its charter, shall annually, on or  
3 before the thirty-first day of January, return to the  
4 insurance commissioner, in such manner and form  
5 as he shall prescribe, a statement of its affairs for  
6 the year ending on the preceding thirty-first day  
7 of December, and the said commissioner, in person  
8 or by deputy, shall have the powers of visitation  
9 of and examination into the affairs of any such  
10 corporation which are conferred upon him in the

11 case of life insurance companies by chapter 49 of  
12 the Revised Statutes; *provided always*, that  
13 nothing herein contained shall subject any cor-  
14 poration doing business under this act to any  
15 other provisions or requirements of said chapter  
16 49 except as distinctly set forth herein.

SECT. 12. The fees for filing statements, certifi-  
2 cates or other documents required by this act, or  
3 for any service or act of the insurance commis-  
4 sioner, and the penalties for any violation of this  
5 act, shall be the same as provided in the case of  
6 life insurance companies by chapter 49 of the Re-  
7 vised Statutes.

When any other State or country shall impose  
9 any obligation upon any such corporation of this  
10 State, the like obligation shall be imposed on  
11 similar corporations and their agents of such State  
12 or country doing business in this State.

STATE OF MAINE.

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HOUSE OF REPRESENTATIVES, }  
February 1, 1889. }

Tabled for printing, pending reference, on motion of Mr. BARKER of  
Bangor.

NICHOLAS FESSENDEN, *Clerk.*