

MAINE STATE LEGISLATURE

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NEW DRAFT.

Sixty-Fourth Legislature.

HOUSE.

No. 178.

STATE OF MAINE.

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

AN ACT relating to Life and Casualty Insurance on the
Assessment Plan.

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

SECTION 1. Every contract whereby a benefit is to
2 accrue to the party or parties named therein upon the
3 death or physical disability of a person, which benefit is
4 in any degree or manner conditioned upon the collection
5 of an assessment upon persons holding similar contracts,
6 shall be deemed a contract of insurance on the assessment
7 plan, and the business involving the issuance of such con-
8 tracts, shall be carried on in this State only by duly
9 organized corporations, which shall be subject to the pro-
10 visions and requirements of this act; but nothing herein
11 contained shall be construed as applicable to organiza-
12 tions which conduct their business as fraternal societies,

13 on the lodge system, or to organizations which do not
14 employ paid agents in soliciting business, other than in
15 the preliminary organizations of local branches, or limit
16 their certificate holders to a particular order or fraternity,
17 or to the employees of a particular town or city, designated
18 firm, business house or corporation; or to organizations
19 which are unincorporated and limit the amount of every
20 certificate issued to a maximum amount not exceeding five
21 hundred dollars on any one risk, but any corporation
22 organized under the laws of another State, which limits
23 its certificate holders to the members of a particular order,
24 class or fraternity, after complying with all the provisions of
25 this act, may be licensed by the insurance commissioner to
26 do business under this act, upon proof satisfactory to him
27 that it has the sanction of the governing body of such
28 order, class or fraternity in the State in which it is incor-
29 porated and has its home office, to use the name of such
30 order. If the benefit is to accrue through the death of
31 an insured person, the contract shall be of life insurance;
32 if through the accidental death only, or the physical disa-
33 bility from accident or sickness of the insured, it shall be
34 of casualty insurance.

SECT. 2. Seven or more persons, citizens of this State,
2 may form a corporation to carry on the business of life or
3 casualty insurance, or both, on the assessment plan. Such
4 corporations shall be organized, and the proceedings
5 thereunder shall conform to sections 1, 2 and 3 of chapter
6 55 of the Revised Statutes; but no such corporation shall
7 begin to do business until at least three hundred persons
8 have subscribed, in writing, to be insured therein, and
9 have each paid in one full mortuary assessment, to be held

10 in trust for the benefit of the beneficiaries, nor until said
11 corporation has filed with the insurance commissioner a
12 certified copy of the record of its organization and by-
13 laws, which has been approved by him; nor until the
14 insurance commissioner has certified that it has complied
15 with the provisions of this act, and is authorized to trans-
16 act business. No organization under the provisions of
17 this act shall continue valid more than one year unless
18 the organization has been completed and business begin
19 thereunder.

SECT. 3. Any corporation existing under the laws of this
2 State and now engaged in transacting the business of life
3 or casualty insurance on the assessment plan, may re-
4 incorporate under the provisions of this act in the manner
5 provided by chapter 55 of the Revised Statutes; *provided*,
6 that nothing in this act contained shall be construed as
7 requiring or making it obligatory upon any such corpor-
8 ation to re-incorporate, and any such corporation may
9 continue to exercise all rights, powers and privileges con-
10 ferred by its charter, and by this act; not intending that
11 this act shall in any way abrogate, abridge or supersede
12 any rights now vested in the several existing companies
13 under their respective charters, but that its provisions
14 shall only be considered as additional thereto.

SECT. 4. When the insurance commissioner, on investi-
2 gation, is satisfied that any corporation doing business in
3 this State, under this act, has exceeded its powers, failed
4 to comply with any provision of law, or is conducting
5 business fraudulently, he shall report the facts to the
6 attorney general, who shall thereupon apply to a justice
7 of the Supreme Judicial Court for an injunction restrain-

8 ing such corporation from the further prosecution of busi-
9 ness; and the said justice, upon hearing the matter, may
10 issue such injunction, or decree the removal of any officer,
11 and substitute a suitable person to serve in his stead until
12 a successor is duly chosen, and may make such other
13 order and decrees as the interest of the corporation and
14 the public may require.

SECT. 5. No corporation organized under the laws of
2 this State shall transfer its risks to or re-insure them in
3 any other corporation, unless the said contract of transfer
4 or re-insurance is first submitted to and approved by a
5 two-thirds vote of those present and voting at a meeting
6 of the insured called to consider the same, of which
7 meeting a written or printed notice shall be mailed to
8 each policy or certificate holder at least ten days before
9 the day fixed for said meeting; and, in case said transfer
10 or re-insurance shall be approved, every policy or
11 certificate holder of the said corporation who shall file
12 with the secretary thereof, within five days after the said
13 meeting, written notice of his preference to be transferred
14 to some other corporation than that named in the contract,
15 shall be accorded all the rights and privileges, if any, in
16 aid of such transfer as would have been accorded under
17 the terms of the said contract had he been transferred to
18 the corporation named therein.

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

8 case of casualty companies, not less than ten per cent of
9 total receipts on assessments made to pay death benefits,
10 or indemnity claims, during the year then ended until
11 the reserve fund so accumulated shall amount, together
12 with the amount there deposited prior to the passage of
13 this act, in the case of life companies to not less than
14 fifty thousand dollars; and in the case of casualty com-
15 panies to not less than twenty-five thousand dollars.
16 These amounts may be deposited in such interest-
17 bearing securities as the Governor and Council
18 may approve, or in such securities as any in-
19 surance company or savings bank may, from time to
20 time, be by law authorized to invest their funds in.
21 These securities shall be held in trust by the treasurer of
22 State, but the corporation shall have at all times, the
23 right to exchange any part of said securities for others of
24 like amount and character. When deemed advisable by
25 a majority of the directors, such a part of the fund as
26 may be considered necessary, may be applied from time
27 to time, to the payment of death losses, in order to reduce
28 the number of assessments upon the members of the
29 association, and the expenses necessarily incident thereto,
30 or in the same manner to the payment of accident claims,
31 and for no other purpose. *Provided, however,* that said
32 fund shall not at any time be reduced below an amount
33 equal to one assessment upon all of its members. The
34 insurance commissioner shall annually in February certify
35 to the treasurer of State the minimum amount of reserve
36 fund required to be kept on deposit in the State treasury
37 by each corporation doing business under this act. If
38 said corporation shall neglect for sixty days to satisfy any

39 judgments against it, in any court in this State, then the
40 said treasurer shall convert into money any of said
41 securities, and forthwith satisfy such judgment, and said
42 corporation shall not transact any further business until
43 said deposit is restored. When any such corporation
44 shall discontinue business any justice of the supreme
45 judicial court may appoint a receiver or agent to
46 administer any unexhausted portion of such fund, which
47 shall be used, less compensation not to exceed five per
48 cent, as such court or justice may allow the receiver or
49 agent, first, in the payment of accrued mortuary or
50 indemnity claims upon certificates or policies, or if
51 insufficient to pay such claims in full, they shall be paid
52 pro rata; second, if a balance remains after the payment
53 of such claims, such balance to be distributed to the
54 holders of certificates then in force, pro rata, in accordance
55 with the maximum amount named therein after first
56 paying all expenses incident to such distribution.

SECT. 7. Any corporation organized under authority
2 of another State or government to issue policies or cer-
3 tificates of life or casualty insurance on the assessment
4 plan, as a condition precedent to the transaction of busi-
5 ness in this State, shall deposit with the insurance com-
6 missioner a certified copy of its charter; a statement
7 under oath, of its president and secretary, in the form by
8 the insurance commissioner required, of its business for
9 the preceding year; a certificate, under oath, of its presi-
10 dent and secretary, that it is paying and for the twelve
11 months preceding has paid, the maximum amount named
12 in its policies or certificates in full; a certificate from the
13 proper authority in its home State that corporations of

14 this State, engaged according to the provisions of this act
15 in life or casualty insurance on the assessment plan, are
16 legally entitled to do business in such State; a copy of
17 its policy or certificate and application, which must show
18 that benefits are provided for by assessment upon policy
19 or certificate holders; evidence satisfactory to the insur-
20 ance commissioner that the corporation accumulates a
21 fund, equal at all times in amount to not less than the
22 proceeds of one assessment on all policy or certificate
23 holders thereof, that such accumulation is permitted by
24 the law of its incorporation, and is a trust for the benefit
25 of policy or certificate holders, and is securely invested.
26 Every such corporation, and agent of such corporation,
27 shall also comply with the provisions of sections 73-74-75
28 of chapter 49 of the Revised Statutes. The insurance
29 commissioner may thereupon issue or renew the authority
30 of such corporation to do business in this State, and such
31 authority shall be revoked whenever the insurance com-
32 missioner, on investigation, is satisfied that such corpora-
33 tion is not paying the maximum amount named in its pol-
34 icies or certificates in full. And it shall be the duty of
35 the insurance commissioner to enforce the provisions of
36 section 75 of chapter 49 of the Revised Statutes.

Upon such revocation the commissioner shall cause
38 notice thereof to be published in the newspaper in which
39 the general laws are published and no new business shall
40 be thereafter done by said corporation or its agents in this
41 State. Any person having a claim against any foreign
42 insurance company, may bring an appropriate suit there-
43 for in the courts of this State. The insurance commis-
44 sioner of this State shall be the authorized and local

45 attorney of every foreign insurance company doing busi-
46 ness under this act, and service made on the said commis-
47 sioner shall be valid and binding thereon, and hold it to
48 answer to any action brought against it in any court of
49 this State.

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

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

SECT. 10. Any solicitor, agent or examining physician
2 who shall knowingly or wilfully make any false or fraud-
3 ulent statement or representation in or with reference to
4 any application for insurance, or for the purpose of
5 obtaining any money or benefit, in any corporation trans-
6 acting business under this act, shall be guilty of a misde-
7 meanor, and, upon conviction, shall be punished by a fine
8 of not less than one hundred or more than five hundred
9 dollars, or imprisonment in the county jail for not less

10 than thirty days or more than one year, or both, at the
11 discretion of the court.

SECT. 11. Every corporation doing business under this
2 act, or its charter, shall annually, on or before the thirty-
3 first day of January, return to the insurance commis-
4 sioner, in such manner and form as he shall prescribe, a
5 statement of its affairs for the year ending on the pre-
6 ceding thirty-first day of December, and the said commis-
7 sioner, in person or by deputy, shall have the powers of
8 visitation of and examination into the affairs of any such
9 corporation which are conferred upon him in the case of
10 life insurance companies by chapter 49 of the Revised
11 Statutes; *provided always*, that nothing herein con-
12 tained shall subject any corporation doing business under
13 this act to any other provisions or requirements of said
14 chapter 49 except as distinctly set forth herein.

SECT. 12. The fees for filing statements, certificates,
2 or other documents required by this act, or for any ser-
3 vice or act of the insurance commissioner, and the penal-
4 ties for any violation of this act, shall be the same as pro-
5 vided in the case of life insurance companies by chapter
6 49 of the Revised Statutes.

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

STATE OF MAINE.

HOUSE OF REPRESENTATIVES, }
February 15, 1889. }

Tabled, pending third reading, and ordered printed on motion of Mr.
ROBIE of Gorham.

NICHOLAS FESSENDEN, *Clerk.*