

MAINE STATE LEGISLATURE

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SEVENTY-SIXTH LEGISLATURE

HOUSE

NO. 185

House of Representatives, Feb. 6, 1913.

*Tabled pending reference to a committee by Mr. Richardson
of Canton and ordered printed.*

W. R. ROIX, Clerk.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE
HUNDRED AND THIRTEEN.

AN ACT to amend sections 41 and 42 of chapter 49 of the Re-
vised Statutes relative to the organization of insurance com-
panies.

Be it enacted by the People of the State of Maine, as follows:

Section 1. Sections 41 and 42 of chapter 49 of the Revised
2 Statutes are hereby amended to read as follows:

"Sect. 41. Any ten or more persons, residents of the state,
4 associated by such an agreement in writing as is hereinafter
5 described, with the intention of constituting a corporation
6 for the transaction of insurance business shall, upon com-
7 plying with section forty-nine, become and remain a corpo-

8 ration with all the powers, rights and privileges and be sub-
9 ject to all the duties, liabilities and restrictions set forth in
10 all the general laws relating to insurance corporations. Cor-
11 porations may be organized as herein provided, upon the
12 stock or mutual principle for the following purposes:

1. To insure against loss or damage to property and loss
14 of use and occupancy by fire; explosion, fire ensuing; explo-
15 sion, no fire ensuing, except explosion of steam boilers and
16 fly wheels; lightning or tempest and tornadoes on land; by
17 water and breakage or leakage of sprinklers, pumps or other
18 apparatus erected for extinguishing fires, and of water pipes,
19 or against accidental injury to such sprinklers, pumps or
20 other apparatus.

2. To insure vessels, freights, goods, money, effects and
22 money lent on bottomry or respondentia against the perils
23 of the sea and other perils usually insured against by ma-
24 rine insurance, including risks of inland navigation and
25 transportation; also to insure against loss or damage to motor
26 vehicles, their fittings and contents, whether such vehicles
27 are being operated or not and wherever the same may be,
28 resulting from accident collision or any of the perils usually
29 insured against by marine insurance, including inland navi-
30 gation and transportation.

3. To insure against loss or damage to property of the
32 assured, or loss or damage to the life, person or property
33 of another for which the assured is liable, caused by the
34 explosion of steam boilers or their connections or by the

35 breakage or rupture of machinery or fly wheels; and against
36 loss of use and occupancy caused thereby.

4. To insure any person against bodily injury or death
38 by accident, or any person, firm or corporation against loss
39 or damage on account of the bodily injury or death by acci-
40 dent of any person, for which loss or damage said person
41 firm or corporation is responsible and to make insurance
42 upon the health of individuals.

5. To insure against breakage or damage to plate glass,
44 local or in transit.

6. To insure the owners of domestic animals against loss
46 resulting from death or injury to the animals insured and to
47 furnish veterinary's services.

7. To guarantee the fidelity of persons in positions of
49 trust, private or public and to act as surety on official bonds
50 and for the performance of other obligations.

8. To insure against loss or damage by burglary, theft
52 or house breaking.

8. To carry on the business commonly known as credit in-
54 surance or guaranty.

10. To examine titles of real estate and personal property,
56 furnish information relative thereto and insure owners and
57 others interested therein against loss by reason of incum-
58 brances or defective titles.

11. To insure against loss or damage to automobiles ex-
60 cept loss or damage by fire or while being transported in any
61 conveyance either by land or water; including loss by legal

62 liability for damage to property resulting from the main-
63 tenance and use of automobiles.

12. To insure (any goods or premises) against loss or
65 damage by water, caused by the breakage or leakage of
66 sprinklers, pumps, water pipes or plumbing and its fixtures
67 and against accidental injury from other cause than fire
68 or lightning to such sprinklers, pumps, water pipes, plumbing
69 and fixtures.

13. To insure against loss or damage to property arising
71 from accident to elevators, bicycles and vehicles, except roll-
72 ing stock of railways (from other causes than fire or light-
73 ing.)”

Sect. 2. “Section 42. Such agreement shall set forth the
2 fact that the subscribers thereto associate themselves with
3 the intention to constitute a corporation, the name by which
4 it shall be known, the class or classes of insurance for the
5 transaction of which it is to be constituted, the plan or prin-
6 ciple upon which its business is to be conducted, the town
7 or city in which it is established or located, and if a stock
8 company, the amount of its capital stock, and if a mutual
9 company with a guarantee capital, the amount thereof. The
10 capital stock of a stock company organized for any of the
11 purposes hereinbefore mentioned shall not be less than one
12 hundred thousand dollars, and a mutual company incorpo-
13 rated to transact any class or kind of insurance other than
14 fire, marine or plate glass shall have a guaranty capital as
15 provided in section forty-three of chapter forty-nine, Re-

16 vised Statutes and holders of certificates of such guaranty
17 capital shall not receive dividends in excess of seven per cent
18 in any one year, and in no case unless such dividends are
19 properly earned after determining all liability as required
20 by the Insurance Commissioner. Mutual companies may
21 be incorporated to transact fire, marine and plate glass in-
22 surance and may operate in accordance with the provisions
23 of section 27, chapter 49, Revised Statutes, and other pro-
24 visions of the laws of this state relating to such companies,
25 provided that they shall confine their business to not more
26 than ten towns; mutual companies may incorporate for any
27 of the foregoing purposes which do not so limit their busi-
28 ness and before doing any business they shall establish a
29 guaranty fund or capital of not less than \$10,000, which may
30 be divided into shares of not less than \$100 and certificates
31 issued therefor. A dividend not exceeding 7 per cent in
32 any one calendar year may be paid from the net earnings of
33 the company after providing for all expenses, losses, reserves
34 and liabilities then incurred. Such guaranty fund or capi-
35 tal shall be invested as provided in section 11, chapter 49,
36 Revised Statutes and shall be deposited with the State Treas-
37 urer. When the cash and other available assets of the com-
38 pany are exhausted such part of said fund as may be re-
39 quired shall, with the approval of the insurance commis-
40 sioner, be drawn and used to pay losses then due. When
41 such fund is so drawn upon the directors shall make good the
42 amount so drawn by assessments upon the contingent funds

43 or notes of the company and unless such fund is restored
44 within six months from date of withdrawal the share holders
45 shall be assessed in proportion to the amount of stock owned
46 by them for the purpose of restoring said capital. Share
47 holders and members of such companies shall be subject to
48 the same provisions of law relative to their right to vote as
49 apply respectively to share holders in stock companies and
50 policy holders in purely mutual companies, said guaranty
51 capital may be retired when the surplus funds of the com-
52 pany over and above all liabilities including guaranty capi-
53 tal shall equal or exceed the amount of such guaranty cap-
54 ital by vote of the policy holders or any part of said guar-
55 anty capital may be retired provided that the amount of net
56 surplus and guaranty fund shall not be less than \$10,000.
57 Said guaranty capital shall be retired when the net cash assets
58 of the company equals twice the amount of guaranty capital.

Any mutual fire, marine or plate glass insurance company
60 which has established a guaranty capital as provided herein
61 and has obtained applications for insurance as required by
62 section 44 of chapter 49, Revised Statutes, shall be author-
63 ized by the insurance commissioner to write business and
64 such company may take a premium note as provided in sec-
65 tion 27 of chapter 49, Revised Statutes or in lieu of said
66 note it may charge and collect a premium in cash and by its
67 by-laws and policies fix the contingent mutual liability of its
68 members for the payment of losses and expenses not pro-
69 vided for by its cash funds; but such contingent liability of

70 a member shall not be less than an amount equal to and in
71 addition to the cash premium written in his policy and in no
72 case less than 1 % of the maximum liability of the company
73 under said policy. The total amount of the liability of the
74 policy holder shall be plainly and legibly stated upon the
75 filing-back of each policy. Whenever any reduction is
76 made in the contingent liability of members such reduction
77 shall apply proportionally to all policies in force.”