

MAINE STATE LEGISLATURE

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NEW DRAFT.

SEVENTY-SIXTH LEGISLATURE

HOUSE

NO. 540

House of Representatives, March 17, 1913.

*Reported by Mr. Higgins from Committee on Mercantile
Affairs and Insurance, and ordered printed under joint rules.*

W. R. ROIX, Clerk.

STATE OF MAINE

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

AN ACT relating to inter-insurers and authorizing the busi-
ness transacted thereby.

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

Section 1. The making of contracts between individuals,
2 firms or corporations, providing indemnity among each other
3 from casualty or other contingencies or from loss or dan-
4 age to their own property, shall not constitute the business
5 of insurance and shall not be subject to the laws of this
6 state relating to insurance, except as herein provided, but
7 where such contracts are exchanged through an attorney,
8 agent or other representative acting for such individuals,
9 firms or corporations, the said attorney, agent or other rep-

10 representative shall file with the insurance commissioner of this
11 state a declaration in writing, verified by the oath of such
12 attorney, agent or other representative, setting forth:

(a) The name of the attorney, agent or other representa-
14 tive through whom such contracts are exchanged.

(b) A copy of the form of policy contract or agreement
16 under which such insurance is to be exchanged.

(c) A copy of the form of power of attorney or other
18 authority of such attorney, agent or other representative
19 under which such contracts are to be exchanged.

(d) The location of the office or offices from which such
21 contracts or agreements are to be issued.

(e) That applications have been made for indemnity upon
23 at least one hundred separate risks as represented by bona
24 fide applications to become concurrently effective, and that
25 there is on deposit with such attorney, or properly con-
26 stituted trustees a sum in cash or convertible securities suffi-
27 cient to pay at least one total loss equal to the maximum line
28 on any one risk.

Sect. 2. Concurrently with the filing of the declaration
2 provided for by the terms of section one hereof, the attor-
3 ney shall file with the insurance commissioner an instrument
4 in writing, executed by him for said subscribers, conditioned
5 that upon the issuance of certificate of authority provided
6 for in section — hereof, in all suits in this state arising out
7 of such policies, contracts or agreements, action may be
8 brought in the county or state in which the property insured

9 is situated, service of process may be had on the insurance
10 commissioner, which service shall be valid and binding upon
11 all subscribers exchanging at any time reciprocal or inter-
12 insurance contracts through such attorney. Three copies
13 of such process shall be served and the insurance commis-
14 sioner shall file one copy, forward one copy to said attorney
15 and return one copy with his admission of service. Said
16 attorney, agent or other representative is hereby authorized
17 to file the above mentioned instrument appointing the insur-
18 ance commissioner of this state to receive service of process,
19 which instrument shall be binding upon all of the sub-
20 scribers.

Sect. 3. There shall be filed with the insurance commis-
2 sioner of this state by such attorney, agent or other repre-
3 sentative a statement under oath of such attorney, agent or
4 other representative showing the maximum amount of in-
5 demnity upon any single risk, and such attorney, agent or
6 other representative, whenever and as often as shall be re-
7 quired, shall file with the insurance commissioner a state-
8 ment verified by his oath to the effect that he has examined
9 the commercial rating of all subscribers to the power of
10 attorney above referred to, as shown by the reference book
11 of a commercial agency having at least one hundred thou-
12 sand subscribers, and that from such examination or other
13 information in his possession, it appears that no subscriber
14 has assumed on any single risk an amount greater than 10%
15 of the net worth of said subscriber.

Sect. 4. There shall at all times be maintained as a reserve a sum in cash or convertible securities or in bona fide agreements to pay, sufficient to pay at least one total loss equal to the maximum line on any one risk.

Sect. 5. Such attorney, agent or other representative shall make a report to the insurance commissioner for the calendar year on or before the 31st day of January showing the financial condition of affairs at the office where such contracts are issued, and shall furnish such additional information and reports as he may require, provided, however, that such attorney shall not be required to furnish the names and addresses of any subscribers. The books, records, assets and affairs of the subscribers at the office of the attorney shall be subject to examination by the insurance commissioner or his authorized representative and reasonable expense incurred in making such examination shall be borne by said subscribers.

Sect. 6. Any corporation, now or hereafter organized under the laws of this state, shall in addition to the rights, powers and franchises specified in its articles of incorporation, have full power and authority to exchange contracts of the kind and character herein mentioned. The right to exchange such contracts is hereby declared to be incidental to the purposes for which such corporations are organized and as much granted as the rights and powers expressly conferred.

Sect. 7. Any attorney, agent or other representative who

2 shall, except for the purposes of applying for the certificate
3 of authority as herein provided, exchange any contracts of
4 indemnity of the kind and character specified in this act,
5 or directly or indirectly solicit or negotiate any applications
6 for the same without first complying with the foregoing
7 provisions, or in case of an employee of said attorney, agent
8 or other representative unless his principal shall have first
9 complied with the foregoing provisions, shall be deemed
10 guilty of a misdemeanor and upon conviction thereof shall
11 be subjected to a fine of not less than one hundred dollars
12 and not more than one thousand dollars.

Sect. 9. Each attorney, agent or other representative by
2 or through whom are issued any policies of or contracts for
3 indemnity of the character referred to in this act, shall pro-
4 cure from the insurance commissioner annually a certificate
5 of authority stating that all the requirements of this act
6 have been complied with, and upon such compliance and the
7 payment of the fees required by this act, the insurance com-
8 missioner shall issue such certificate authorizing such attor-
9 ney, agent or representative to do business in this state,
10 subject to the provisions of this act, until the first day of
11 next July and such certificate may be renewed annually
12 thereafter. The fee for such certificate and for each re-
13 newal thereof shall be \$20.00. In case of a breach of any
14 of the conditions imposed by the provisions of this act, the
15 insurance commissioner may revoke the certificate of au-
16 thority issued hereunder.

Sect. 10. Such attorney, agent or other representative, in lieu of all other taxation, state, county or municipal, in this state, shall annually pay a tax at the rate of 2% on gross premiums or deposits actually received during the year after deducting amounts actually returned to policyholders as the unused part of such premium or deposit or such part as may be credited on renewal or extension of the indemnity. Such attorney, agent or other representative shall, on or before the 31st day of each January, make a return, under oath, to the insurance commissioner showing the gross premiums or deposits actually received during the preceding calendar year and such unused part of such premium or deposit as has been returned to policyholders or credited on renewal or extension of the indemnity. Said tax shall be assessed by the board of state assessors, upon the certificate of the insurance commissioner, to be seasonably furnished therefor, and certified to the treasurer of state on or before the first day of April and the same shall be paid on or before the first day of May following. The treasurer shall notify the attorney or agent or other representative of the assessment and unless same is paid as aforesaid, the insurance commissioner shall suspend the right of such attorney, agent or other representative to do any further business in this state until the tax is paid.