

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

NEW DRAFT.

SEVENTY-SIXTH LEGISLATURE

SENATE

NO. 538

In Senate, March 17, 1913.

*Reported by Senator Murphy from Committee on Mercantile
Affairs and Insurance and ordered printed under joint rules.*

W. E. LAWRY, Secretary.

STATE OF MAINE

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

AN ACT relating to the incorporation and admission of assess-
ment casualty insurance companies and conditions relating
to such companies.

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

Section 1. Section one hundred twenty-three of chapter
2 forty-nine of the Revised Statutes is hereby amended to
3 read as follows:

'Sect. 123. Seven or more persons, citizens of this state,
5 may form a corporation to carry on the business of casualty
6 insurance on the assessment plan. Such corporations shall
7 be organized, and the proceedings thereunder shall conform

8 to sections one, two, and three of chapter fifty-seven; but
9 no such corporation shall begin to do business until at least
10 five hundred persons have subscribed, in writing, to be
11 insured therein, and have each paid in one full disability
12 assessment, nor until it shall have established a guaranty
13 fund or capital of not less than \$10,000, which may be
14 divided into shares of not less than \$100 and certificates
15 issued therefor. A dividend not exceeding 7 per cent in
16 any one calendar year may be paid from the net earnings
17 of the company after providing for all expenses, losses,
18 reserves and liabilities then incurred. Such guaranty fund
19 or capital shall be invested as provided in section 11, chap-
20 ter 49, Revised Statutes, and shall be deposited with the
21 state treasurer. When the cash and other available assets
22 of the company are exhausted such part of said fund as
23 may be required shall, with the approval of the insurance
24 commissioner, be drawn and used to pay losses then due.
25 When such fund is so drawn upon the directors shall make
26 good the amount so drawn, either from the receipts of the
27 company or by assessments upon the contingent funds of
28 the company and unless such fund is restored within six
29 months from date of withdrawal the share holders shall be
30 assessed in proportion to the amount of stock owned by
31 them for the purpose of restoring said capital. Share hold-
32 ers and members of such companies shall be subject to the
33 same provisions of law relative to their right to vote as apply

34 respectively to share holders in stock companies and policy-
35 holders in purely mutual companies. Said guaranty fund
36 or capital may be retired when the surplus funds of the
37 company over and above all liabilities including guaranty
38 capital shall equal or exceed the amount of such guaranty
39 fund or capital by vote of the policy holders or any part
40 of said guaranty fund or capital may be retired provided
41 that the amount of net surplus and guaranty fund or cap-
42 ital shall not be less than \$10,000. Said guaranty fund or
43 capital shall be retired when the net cash asests of the com-
44 pany equal twice the amount of guaranty fund or capital.
45 Such corporation shall not begin business until it has filed
46 with the insurance commissioner a certified copy of the
47 record of its organization and by-laws, which has been
48 approved by him; nor until the insurance commissioner has
49 certified that it has complied with the provisions of this
50 chapter relating to insurance on the assessment plan and
51 is authorized to transact business. No organization under
52 the provisions of this section shall continne valid more than
53 one year unless the organization has been completed and
54 business begun thereunder. When such company has estab-
55 lished a guaranty fund or capital as provided herein and
56 has complied with the other requirements of the laws of
57 this state it shall be authorized by the insurance commis-
58 sioner to write business and such company may charge and
59 collect a premium in cash and by its by-laws and policies
60 fix the contingent mutual liability of its members for the

61 payment of losses and expenses not provided for by its
62 cash funds; but such contingent liability of a member shall
63 not be less than an amount equal to and in addition to the
64 cash premium written in his policy. The total amount of
65 the liability of the policyholder shall be plainly and legibly
66 stated upon the filing back of each policy. Whenever any
67 reduction is made in the contingent liability of members
68 such reduction shall apply proportionally to all policies in
69 force.'

Sect. 2. Section one hundred and twenty-seven of chap-
2 ter forty-nine of the Revised Statutes is hereby amended
3 by adding the following clause: 'No company of another
4 state transacting casualty insurance on the assessment plan
5 shall be authorized after this act goes into effect unless such
6 company shall have a guaranty fund or capital or net cash
7 assets equal to the amount required of domestic companies
8 hereafter incorporated.'