

# MAINE STATE LEGISLATURE

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**SEVENTY-SEVENTH LEGISLATURE**

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**SENATE** **NO. 168**

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*In Senate, Feb. 23, 1915.*

*Ordered, That five hundred copies be printed and that the same be referred to the Committee on Mercantile Affairs and Insurance.*

*Committee on Reference.*

*Presented by Senator Price of Sagadahoc.*

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**STATE OF MAINE**

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**IN THE YEAR OF OUR LORD ONE THOUSAND NINE  
HUNDRED AND FIFTEEN**

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AN ACT amendatory of Section 126 of Chapter 49 of the Revised Statutes, relating to assessment casualty insurance companies.

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

Section one hundred twenty-six of chapter forty-nine of 2 the revised statutes is hereby amended by striking out all 3 between the word "treasurer" in the seventh line and the 4 word "until" in the eighth line, and inserting in place there- 5 of, the words 'a sum sufficient to make the total deposit 6 with said treasurer not less than the amount of one assess- 7 ment, or periodical call on all its policy holders for benefit 8 and expense funds' and also by inserting after the word

9 “members” in the twenty-third line the words ‘made to pay  
10 indemnity claims,’ so that said section, as amended, shall  
11 read as follows:

‘Sect. 126. Any corporation organized under section one  
13 hundred and twenty-three, or any corporation of this state  
14 doing assessment insurance business under this chapter or  
15 its charter, shall keep on deposit with the treasurer of state  
16 a reserve fund for the benefit and protection of certificate  
17 holders in said corporation; for the creation of which it  
18 shall on or before the thirty-first day of December of each  
19 year, deposit with said treasurer a sum sufficient to make  
20 the total deposit with said treasurer not less than the amount  
21 of one assessment, or periodical call on all its policy holders  
22 for benefit and expense funds, until the reserve fund so  
23 accumulated shall amount, together with the amount there  
24 deposited prior to March one, eighteen hundred and eighty-  
25 nine, to not less than twenty-five thousand dollars. These  
26 amounts may be deposited in such interest bearing securi-  
27 ties as the governor and council may approve, or in such  
28 securities as any insurance company or savings banks may,  
29 from time to time, be authorized to hold for purpose of  
30 investment. These securities shall be held in trust by the  
31 treasurer of state, but the corporation shall have at all times  
32 the right to exchange any part of said securities for others  
33 of like amount and character. When deemed advisable by  
34 a majority of the directors, such a part of the fund as may  
35 be considered necessary, may be applied from time to time,

36 to the payment of claims under insurance contracts and  
37 the expense necessarily incident thereto, and for no other  
38 purpose. Provided, however, that said fund shall not at  
39 any time be reduced below an amount equal to one assess-  
40 ment or periodical call upon all of its members made to  
41 pay indemnity claims. The insurance commissioner shall  
42 annually, in February, certify to the treasurer of state, the  
43 minimum amount of reserve fund required to be kept on  
44 deposit in the state treasury by each corporation doing busi-  
45 ness on the assessment plan, under this chapter. If said  
46 corporation shall neglect for sixty days to satisfy any judg-  
47 ment against it, in any court in this state, then the said  
48 treasurer shall convert into money any of said securities,  
49 and forthwith satisfy such judgment, and said corporation  
50 shall not transact any further business until said deposit is  
51 restored. When any such corporation shall discontinue  
52 business, any justice of the supreme judicial court may  
53 appoint a receiver or agent to administer any unexhausted  
54 portion of such fund which shall be used, less compensation  
55 not to exceed five per cent, as such court or justice may  
56 allow the receiver or agent, first, in the payment of accrued  
57 indemnity claims upon certificates or policies, or if insuffi-  
58 cient to pay such claims in full, they shall be paid, pro rata ;  
59 second, if a balance remains after the payment of such  
60 claims, such balance shall be distributed to the holders of  
61 certificates then in force, pro rata, in proportion to the total  
62 payments by each policy-holder after first paying all ex-

63 penses incident to such distribution. If, upon the thirty-  
64 first day of December of any year, the reserve fund of any  
65 such corporation is found to be less than the amount of  
66 one assessment or periodical call upon all the members there-  
67 of, said corporation shall, within one year thereafter, collect  
68 from its members a sum sufficient to bring said reserve fund  
69 up to one assessment or periodical call upon all its mem-  
70 bers, and deposit the amount with the treasurer of state  
71 to the credit of said fund.'