

MAINE STATE LEGISLATURE

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SEVENTY-SEVENTH LEGISLATURE

SENATE

NO. 181

In Senate, Feb. 25, 1915.

*Reported by Sen. Herrick 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 FIFTEEN

AN ACT Relating to the Liquidation of Domestic Insurance
Companies.

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

Section 1. Whenever any domestic mutual fire insurance
2 company or assessment casualty company is found after
3 examination to be insolvent or is found to be in such con-
4 dition that its further transaction of business shall be haz-
5 ardous to its policy holders, its creditors or to the public, or
6 when it has wilfully violated its charter or any law of this
7 state or has refused to submit its books, papers, accounts
8 and affairs for examination, the insurance commissioner
9 may, the attorney general representing him, apply to any,
10 justice of the supreme court in term time or vacation for
11 an order directing such corporation to show cause why the

12 insurance commissioner should not take possession of its
13 property and conduct its business, and for such other relief
14 as the nature of the case and the interests of its policy
15 holders, creditors or the public may require.

Sect. 2. On such application, or at any time thereafter,
2 such court may, in its discretion, issue an injunction restrain-
3 ing such corporation from the transaction of its business or
4 disposition of its property until the further order of the
5 court. On the return of such order to show cause, and
6 after a full hearing, the court shall either deny the applica-
7 tion or direct such superintendent, or his successor in office,
8 forthwith to take possession of the property and conduct the
9 business of such corporation, and return such possession and
10 conduct such business until, on the application either of the
11 insurance commissioner, the attorney general representing
12 him, or of such corporation, it shall after a like hearing, ap-
13 pear to the court that the ground for such order directing the
14 insurance commissioner to take possession has been removed
15 and that the corporation can properly resume possession of
16 its property and the conduct of its business.

Sect. 3. If on such application the courts shall direct the
2 insurance commissioner to take possession of the property
3 and conserve the assets of such corporation and to conduct
4 the business of the company and rights of the said insurance
5 commissioner with reference to such corporation and its said
6 assets shall be the same as those exercised by receivers and
7 masters in chancery appointed by the courts for liquida-
8 tion of insurance companies.

Sect. 4. For the purposes of this section the insurance
2 commissioner shall have power to appoint, under his hand
3 and official seal, one or more special deputies as his agent
4 or agents and to employ such counsel, clerks and assistants
5 as may be by him deemed necessary, and give each of such
6 persons such powers to assist him as he may consider wise.
7 The compensation of such special deputies, counsel, clerks
8 and assistants, and all expenses of taking possession of and
9 conducting the business of liquidating any such corpora-
10 tion shall be fixed by the insurance commissioner, subject
11 to the approval of the court, and shall, on certificate of the
12 insurance commissioner, be paid out of the funds or assets
13 of such corporation. The insurance commissioner shall
14 have power, subject to the approval of the court, to make
15 and prescribe such rules and regulations as to him shall
16 seem proper.

Sect. 5. At any time after the commencement of proceed-
2 ings under an order of liquidation made pursuant to this
3 act, the said insurance commissioner may remove the prin-
4 cipal office of the corporation in liquidation to the city of
5 Augusta. In event of such removal the courts shall, upon
6 the application of the insurance commissioner, direct the
7 clerk of the county wherein such proceeding was com-
8 menced to transmit all of the papers filed therein with such
9 clerk, to the clerk of the county of Kennebec and the pro-
10 ceeding shall thereafter be conducted in the same manner
11 as though it had been commenced in the county of Ken-
12 nebec.