

MAINE STATE LEGISLATURE

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NEW DRAFT.

SEVENTY-SEVENTH LEGISLATURE

SENATE

NO. 379

In Senate, March 17, 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 amendatory of Section 126 of Chapter 49 of the Re-
vised Statutes, relating to assessment casualty insurance
companies.

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 with
6 said treasurer not less than the amount of one assessment,
7 or periodical call on all its policy holders for benefit and
8 expense funds,' and also by inserting after the word "mem-

9 bers" in the twenty-third line the words 'for benefit and ex-
10 pense funds not to less than one thousand dollars,' so that
11 said section, as amended, shall 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
21 amount of one assessment or periodical call on all its pol-
22 icy holders for benefit and expense funds until the reserve
23 fund so accumulated shall amount, together with the
24 amount there deposited prior to March one, eighteen hun-
25 dred and eighty-nine, to not less than twenty-five thousand
26 dollars. These amounts may be deposited in such interest-
27 bearing securities as the governor and council may approve,
28 or in such securities as any insurance company or savings
29 banks may, from time to time, be authorized to hold for
30 purpose of investment. These securities shall be held in
31 trust by the treasurer of state, but the corporation shall
32 have at all times the right to exchange any part of said se-
33 curities for others of like amount and character. When
34 deemed advisable by a majority of the directors, such a
35 part of the fund as may be considered necessary, may be

36 applied from time to time, to the payment of claims under
37 insurance contracts and the expense necessarily incident
38 thereto, and for no other purpose. Provided, however,
39 that said fund shall not at any time be reduced below an
40 amount equal to one assessment or periodical call upon all
41 of its members for benefit and expense funds nor to less
42 than one thousand dollars. The insurance commissioner
43 shall annually, in February, certify to the treasurer of state,
44 the minimum amount of reserve fund required to be kept on
45 deposit in the state treasury by each corporation doing busi-
46 ness on the assessment plan, under this chapter. If said cor-
47 poration shall neglect for sixty days to satisfy any judgment
48 against it, in any court in this state, then the said treasurer
49 shall convert into money any of said securities, and forth-
50 with satisfy such judgment, and said corporation shall not
51 transact any further business until said deposit is restored.
52 When any such corporation shall discontinue business, any
53 justice of the supreme judicial court may appoint a receiver
54 or agent to administer any unexhausted portion of such fund
55 which shall be used, less compensation not to exceed five
56 per cent, as such court or justice may allow the receiver or
57 agent, first, in the payment of accrued indemnity claims
58 upon certificates or policies, or if insufficient to pay such
59 claims in full, they shall be paid, pro rata; second, if a
60 balance remains after the payment of such claims, such
61 balance shall be distributed to the holders of certificates then
62 in force, pro rata, in proportion to the total payments by

63 each policy-holder after first paying all expenses incident to
64 such distribution. If, upon the thirty-first day of Decem-
65 ber of any year, the reserve fund of any such corporation
66 is found to be less than the amount of one assessment or
67 periodical call upon all the members thereof, said corpora-
68 tion shall, within one year thereafter, collect from its mem-
69 bers a sum sufficient to bring said reserve fund up to one as-
70 sessment or periodical call upon all its members, and deposit
71 the amount with the treasurer of state to the credit of said
72 fund.