

MAINE STATE LEGISLATURE

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SEVENTY-EIGHTH LEGISLATURE

HOUSE

NO. 20

House of Representatives, Jan. 24, 1917.

Tabled pending printing under the rules by Mr. Dutton of Bingham.

W. R. ROIX, Clerk.

Presented by Mr. Dutton of Bingham.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE
HUNDRED AND SEVENTEEN

AN ACT relating to retiring of guaranty capital of a Mutual
Fire Insurance Company.

Section 56 of Chapter 53, Revised Statutes 1916 is hereby
2 amended to read as follows:

‘Such agreement shall set forth the fact that the sub-
2 sscribers thereto associate themselves with the intention to
3 constitute a corporation, the name by which it shall be
4 known, the class or classes of insurance for the transaction
5 of which it is to be constituted, the plan or principle upon
6 which its business is to be conducted, the town or city in
7 which it is established or located, and if a stock company,

8 the amount of its capital stock, and if a mutual company
9 with a guaranty capital, the amount thereof. The capital
10 stock of a stock company organized for any of the pur-
11 poses hereinbefore mentioned shall not be less than one
12 hundred thousand dollars; a mutual company incorporated
13 to transact any class or kind of insurance other than fire,
14 marine or plate glass shall have a guaranty capital as pro-
15 vided in section fifty-seven and holders of certificates of
16 such guaranty capital shall not receive dividends in excess
17 of seven per cent in any one year, and in no case unless
18 such dividends are properly earned after determining all
19 liability as required by the insurance commissioner. Mu-
20 tual companies may be incorporated to transact fire, marine
21 and plate glass insurance and may operate in accordance
22 with the provisions of section thirty-six, and other pro-
23 visions of the laws of this state relating to such companies,
24 provided, that they shall confine their business to not more
25 than ten towns; mutual companies which do not so limit
26 their business, may incorporate for any of the foregoing
27 purposes but before doing any business they shall establish
28 a guaranty fund or capital of not less than ten thousand
29 dollars which may be divided into shares of not less than
30 one hundred dollars and certificates issued therefor. A
31 dividend not exceeding seven per cent in any one calendar
32 year may be paid from the net earnings of the company
33 after providing for all expenses, losses, reserves and lia-
34 bilities then incurred. Such guaranty fund or capital shall

35 be invested as provided in section twenty and shall be de-
36 posited with the treasurer of state. When the cash and
37 other available assets of the company are exhausted such
38 part of said fund as may be required shall, with the ap-
39 proval of the insurance commissioner, be drawn and used
40 to pay losses then due. When such fund is so drawn upon
41 the directors shall make good the amount so drawn by
42 assessments upon the contingent funds or notes of the com-
43 pany and unless such fund is restored within six months
44 from date of withdrawal, the shareholders shall be assessed
45 in proportion to the amount of stock owned by them for
46 the purpose of restoring said capital. Shareholders and
47 members of such companies shall be subject to the same
48 provisions of law relative to their right to vote as apply
49 respectively to shareholders in stock companies and policy-
50 holders in purely mutual companies; said guaranty capital
51 may be retired, by vote of the policy-holders, when the
52 surplus funds of the company over and above all liabilities,
53 including guaranty capital, shall equal or exceed the amount
54 of such guaranty capital, or any part of said guaranty cap-
55 ital may be retired; provided, that the amount of net sur-
56 plus and guaranty fund shall not be less than ten thousand
57 dollars. Said guaranty capital shall be retired when the
58 net cash assets of the company equal to three times the
59 amount of guaranty capital. Any mutual fire, marine or
60 plate glass insurance company which has established a guar-
61 anty capital as provided herein and has obtained applica-

62 tions for insurance as required by section fifty-eight, shall
63 be authorized by the insurance commissioner to write busi-
64 ness and such company may take a premium note as pro-
65 vided in section thirty-six, or in lieu of said note it may
66 charge and collect a premium in cash and by its by-laws
67 and policies fix the contingent mutual liability of its mem-
68 bers for the payment of losses and expenses not provided
69 for by its cash funds; but such contingent liability of a
70 member shall not be less than an amount equal to and in
71 addition to the cash premium written in his policy and in
72 no case less than one per cent of the maximum liability of
73 the company under said policy. The total amount of the
74 liability of the policy holder shall be plainly and legibly
75 stated upon the filing-back of each policy. Whenever any
76 reduction is made in the contingent liability of members
77 such reduction shall apply proportionally to all policies in
78 force.'