

MAINE STATE LEGISLATURE

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EIGHTY-SECOND LEGISLATURE

S. P. No. 131

S. D. No. 57

In Senate, Feb. 11, 1925.

On motion by Mr. Hinckley of Cumberland, Senate voted to reconsider its action whereby this bill was referred to Mercantile Affairs and Insurance, and on further motion by the same gentleman was referred to Judiciary and 2000 copies ordered printed. Sent down for Concurrence.

ROYDEN V. BROWN, Secretary.

Presented by Senator Cram of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE
HUNDRED AND TWENTY-FIVE

AN ACT Requiring Owners of Certain Motor Vehicles and Trailers to Furnish Security for Their Civil Liability on Account of Personal Injuries and Property Damage Caused by Their Motor Vehicles and Trailers.

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

Section 1. No motor vehicle or trailer, except one owned
2 by the state, a county, city or town, or one subject to the
3 supervision and control of the Public Utilities Commission,
4 shall be registered under Chapter two hundred eleven of the
5 Public Laws of Nineteen Hundred Twenty-one, as amended,

6 unless the application therefor is accompanied by a certifi-
7 cate as defined in section two of this Act.

Sect. 2. The following words, as used in this act, shall
2 have the following meanings:—

“Certificate,” the certificate of an insurance company au-
2 thorized to transact business in this state, stating that it has
3 issued to the applicant for registration of a motor vehicle
4 or trailer a motor vehicle liability policy which covers such
5 motor vehicle or trailer, conforms to the provisions of the
6 insurance laws of this state, and runs for a period at least
7 coterminous with that of such registration; or the certifi-
8 cate of a surety company authorized to transact business in
9 this state, as surety, stating that a motor vehicle liability
10 bond, payable to the State of Maine, which covers such
11 motor vehicle or trailer, conforms to the provisions of law,
12 and runs for a period at least coterminous with such regis-
13 tration, has been executed by such applicant as principal
14 and by such surety company as surety; or the certificate of
15 the Secretary of State stating that cash or other securities
16 have been deposited with the Secretary of State as provided
17 for in section six of this act.

“Motor vehicle liability bond” shall mean a bond condi-
2 tioned that the obligor shall within thirty days after the
3 rendition thereof satisfy all judgments rendered against him
4 or against any person responsible for the operation of such
5 motor vehicle or trailer in all actions to recover damages
6 for both (1) bodily injuries, including death at any time

7 resulting therefrom, accidentally sustained during the term
8 of said bond by any person other than employees of the
9 obligor or of such other person responsible for the operation
10 of such motor vehicle or trailer who are entitled to pay-
11 ments or benefits, and (2) injury to or destruction of prop-
12 erty accidentally sustained during the term of said bond by
13 any person, arising out of the ownership, operation, main-
14 tenance or use upon the ways of the state of any motor
15 vehicle or trailer, to the amount or limit of at least five
16 thousand dollars on account of injury to or death of any
17 one person, and, subject to such limits as respects injury to
18 or death of one person, of at least ten thousand dollars on
19 account of any one accident injuring more than one person,
20 and to the amount or limit of at least one thousand dollars
21 for any one accident resulting in such injury to or destruc-
22 tion of property whether of one or more persons.

“Motor vehicle liability policy” shall mean a policy of
2 liability insurance which provides indemnity for or protec-
3 tion to the insured and any person responsible for the opera-
4 tion of the insured’s motor vehicle or trailer against loss by
5 reason of the liability to pay damages to others for both
6 (1) bodily injuries, including death at any time resulting
7 therefrom, accidentally sustained during the term of said
8 policy by any person other than employees of the insured
9 or of such other person responsible for the operation of
10 such motor vehicle or trailer who are entitled to payments
11 or benefits, and (2) injury to or destruction of property acci-

12 dentally sustained during the term of said policy by any
13 person, arising out of the ownership, operation, maintenance
14 or use upon the ways of the state of any motor vehicle or
15 trailer to the amount or limit of at least five thousand dollars
16 on account of injury to or death of any one person, and,
17 subject to such limits as respects injury to or death of one
18 person, of at least ten thousand dollars on account of any
19 one accident, injuring more than one person, and to the
20 amount or limit of at least one thousand dollars for any one
21 accident resulting in such injury to or destruction of prop-
22 erty whether of one or more persons.

Sect. 3. The Secretary of State shall accept a certificate
2 as defined in section two from any person applying for
3 registration of a motor vehicle or trailer. Said certificate
4 of an insurance company or of a surety company shall be
5 in a form prescribed by the insurance commissioner, shall
6 state the rate and classification at which the motor vehicle
7 liability bond or policy referred to therein are issued, the
8 amount of the premium thereon, shall contain a certification
9 by the insurance company or the surety company or a duly
10 authorized agent thereof issuing the policy or acting as surety
11 on the bond showing the premium charged thereon and such
12 other information as said commissioner may require. A
13 duplicate of said certificate shall be filed with the Secretary
14 of State by the company issuing the same within five days
15 thereafter. An insurance or surety company issuing a form
16 of certificate other than that approved by the insurance

17 commissioner or failing to file a duplicate thereof with the
18 Secretary of State shall be punished by a fine of not less
19 than fifty dollars nor more than five hundred dollars. The
20 certificate which the Secretary of State shall issue upon
21 receipt of cash or securities under section six shall be in
22 such form and shall contain such information as he may
23 fix. Whoever issues or alters without authority or forges
24 any such certificate or duplicate thereof or issues such cer-
25 tificate or duplicate thereof knowing that the policy or bond
26 therein described has not in fact been issued or executed or
27 is not in force or that the cash or securities have not been
28 deposited, or whoever, knowing that such certificate or dupli-
29 cate thereof has been issued or altered without authority or
30 forged or that the policy or bond described therein has not
31 in fact been issued or executed or is not in force or that
32 the cash or securities have not been deposited, files the same
33 with the Secretary of State shall be punished by a fine of
34 not more than one thousand dollars or by imprisonment for
35 not more than one year or both.

Sect. 4. Every manufacturer or dealer applying for regis-
2 tration of motor vehicles or trailers or any person applying
3 for registration of more than one motor vehicle or trailer,
4 in lieu of taking out the single policy hereinbefore referred
5 to or a policy covering more than one motor vehicle or
6 trailer, may furnish a proper motor vehicle liability bond,
7 covering all motor vehicles or trailers owned or controlled
8 by him.

Motor vehicle liability policies may be issued covering more
2 than one motor vehicle or trailer, in which event the amounts
3 or limits of indemnity as provided in section two for motor
4 vehicle liability policies shall be made to apply to each motor
5 vehicle or trailer, and every manufacturer or dealer apply-
6 ing for registration of motor vehicles or trailers may furnish
7 a proper single policy covering all motor vehicles or trailers
8 owned or controlled by such manufacturer or dealer.

Sect. 5. The applicant for registration of a motor vehicle
2 or trailer who deposits cash or securities as provided in
3 section six shall, immediately, upon the service of any writ
4 or summons in any action brought to recover damages on
5 account of the liability to meet which cash or securities are
6 deposited under said section six, notify the Secretary of
7 State of such action by forwarding to him copies of said
8 writ or summons, and thereupon the Secretary of State may
9 require the giving of a motor vehicle liability bond or policy
10 or may require the deposit of further cash or securities as
11 respects the liability of such applicant or person responsible
12 for the operation of such motor vehicle or trailer for in-
13 juries whether to person or property sustained after the
14 commencement of such action.

Sect. 6. The applicant for registration may, in lieu of
2 procuring a motor vehicle liability bond or policy, deposit
3 with the Secretary of State cash in the amount of six thou-
4 sand dollars or bonds, stocks, or other evidences of indebt-
5 edness satisfactory to the Secretary of State of a market

6 value of not less than six thousand dollars as security for
7 the payment by such applicant or any person responsible for
8 the operation of such applicant's motor vehicle or trailer of
9 all judgments rendered against such applicant or against
10 such person in all actions to recover damages for both (1)
11 bodily injuries, including death at any time resulting there-
12 from accidentally sustained during the term of registration
13 by any person other than employees of the applicant, or such
14 other person responsible for the operation of the applicant's
15 motor vehicle or trailer who are entitled to payments or
16 benefits, and (2) injury to or destruction of property acci-
17 dentally sustained during the term of such registration by
18 any person arising out of the ownership, operation, main-
19 tenance or use upon the ways of the state of such applicant's
20 motor vehicle or trailer to the amount or limit of at least
21 five thousand dollars on account of bodily injury or death
22 and to the amount or limit of at least one thousand dollars
23 on account of such injury to or destruction of property.
24 The depositor shall be entitled to the interest accruing on
25 his deposit and to the income payable on the bonds or se-
26 curities, and may from time to time with the consent of the
27 Secretary of State change the securities comprising the de-
28 posit. The Secretary of State may at any time require the
29 deposit of additional securities if necessary to comply with
30 the provisions of this section.

Upon presentation to the Secretary of State by an officer
2 qualified to serve civil process of an execution issued on any

3 such judgment, the Secretary of State shall pay the same,
4 including costs and interest, up to but not in excess of five
5 thousand dollars as respects bodily injuries or death or one
6 thousand dollars as respects injury to or destruction of
7 property. If the applicant has deposited bonds, stocks or
8 other evidences of indebtedness, the Secretary of State shall,
9 on presentation of and execution as aforesaid, cause the
10 said securities or such part thereof as may be necessary to
11 satisfy the judgment to be sold at public auction, giving the
12 applicant seven days' notice in writing of the time and place
13 of said sale, and from the proceeds of said sale the Secre-
14 tary of State shall, after paying the expenses thereof, satis-
15 fy the execution as hereinbefore provided when a cash de-
16 posit has been made. Any payment upon an execution by
17 the Secretary of State in accordance with the provisions of
18 this section shall discharge him from all official and per-
19 sonal liability whatever to the applicant to the extent of such
20 payment and shall also reduce the liability of the applicant
21 by the amount paid. The Secretary of State may require
22 the deposit of additional securities or a motor vehicle liabili-
23 ty bond or policy as provided in this act.

Money or securities deposited with the Secretary of State
2 under the provisions of this section shall not be subject to
3 attachment or execution except as provided in this section.
4 The Secretary of State shall deposit any cash received under
5 the provisions of this section in a savings bank or a savings
6 department of a trust company or of a national bank within

7 the state, such deposit to be segregated, and the name of the
8 applicant entered on the deposit books.

Sect. 7. If a judgment rendered against the principal of a
2 motor vehicle liability bond or against the person responsible
3 for the operation of the principal's motor vehicle or trailer
4 is not satisfied within thirty days after its rendition, the
5 judgment creditor may for his use and benefit and at his
6 sole expense bring an action in the name of the state against
7 the surety company executing the bond, but no action shall
8 be brought later than four months from the date of the
9 original execution.

Sect. 8. The Secretary of State shall give to the applicant
2 a receipt on a form prescribed by the secretary of the
3 amount of cash or securities deposited by him under section
4 six. The Secretary of State shall retain such cash or se-
5 curities deposited as aforesaid and shall not deliver the same
6 or the balance thereof to the applicant until the expiration
7 of the time within which actions may be brought against
8 the applicant or the person responsible for the operation of
9 the applicant's motor vehicle or trailer to recover damages
10 on account of the liability to meet which such deposit has
11 been made, nor in any case if a written notice is filed with
12 the Secretary of State in such form as he may prescribe
13 stating that such an action has been brought against the
14 applicant or other person responsible for the operation of
15 the applicant's motor vehicle or trailer, in which case the
16 Secretary of State shall hold the deposit of cash or securities

17 until payment is made as provided in section six or satis-
18 factory evidence is presented to him that such action is
19 finally disposed of.

The applicant for registration who deposits cash or securi-
2 ties may at any time substitute therefor a motor vehicle
3 liability bond or policy which complies with the provisions
4 of this act, and when all requirements are fulfilled such cash
5 or securities shall be returned to said applicant.

Sect. 9. Immediately upon receiving or giving a written
2 notice of cancellation of a motor vehicle liability policy or
3 bond, the company issuing such policy or executing such
4 bond as surety shall notify the secretary of state in writing,
5 who shall thereupon, as well as in case such company ceases
6 to be authorized to transact business with the state, notify
7 the owner of the motor vehicle or trailer covered by such
8 policy or by such bond that his registration shall be revoked
9 unless he shall within five days file with the secretary of state
10 a new certificate.

The secretary of state shall immediately revoke the regis-
2 tration upon the failure of such owner within said five days
3 to file such new certificate. A notice mailed by the secretary
4 of state to the address given on the application for registra-
5 tion shall be deemed a sufficient notice, and an affidavit of the
6 secretary of state or any person authorized by him to send
7 such notice that such notice has been mailed in accordance
8 with this section shall be deemed prima facie evidence there-
9 of.

Whoever operates or permits to be operated a motor vehicle or trailer with knowledge that the motor vehicle liability policy or bond or deposit required by the provisions of this act has not been provided and maintained in accordance with this act shall be punished by a fine of not less than one hundred nor more than five hundred dollars.

Sect. 10. The secretary of state shall keep such records and books and publish and distribute such forms and information, as will facilitate the operation of the provisions of this act, and shall, upon the request of any person, furnish the name of the company issuing the policy or executing as surety the bond covering any particular motor vehicle or trailer for any particular person.

Sect. 11. There shall be a board of appeal on motor vehicle liability policies and bonds consisting of the insurance commissioner, the secretary of state, or a representative designated by either of them, and the attorney general or deputy or assistant attorney general designated by the attorney general. The compensation of such representative, if not an employee of the state, shall be fixed by the board, subject to the approval of the governor and council. The insurance commissioner or his representative shall be the chairman of the board. Any member of the board shall have power to summon and compel the attendance and testimony of witnesses and the production of books, records and documents, and may administer oaths. The fees of witnesses before the board for attendance and travel shall be the same

15 as for witnesses before the supreme judicial court in civil
16 cases and need not be paid nor tendered to them prior to
17 their attendance, and shall be paid by the state upon the
18 certificate of the board, or a member thereof, being filed
19 with the state auditor. An office and a room for hearing
20 shall be provided when necessary by the governor and coun-
21 cil, and the board may employ a stenographer. The board,
22 with the approval of the governor and council, may make
23 and amend reasonable rules and regulations to expedite and
24 regulate hearings and the procedure before it.

Sect. 12. No motor vehicle liability policy as defined in
2 section two shall be issued or delivered in the state until a
3 copy of the form of the policy has been on file with the in-
4 surance commissioner for at least thirty days, unless before
5 the expiration of said period the commissioner shall have
6 approved the form of the policy in writing, nor if the com-
7 missioner notifies the company in writing that in his opinion
8 the form of said policy does not comply with the laws of
9 the state, specifying his reasons therefor, provided that he
10 shall notify the company in writing within said period of
11 his approval or disapproval thereof, and provided, further,
12 that such action of the commissioner shall be subject to re-
13 view by the supreme judicial court; nor if it contains any
14 exceptions or exclusions as to specified accidents or injuries
15 or causes thereof; nor unless it contains in substance the
16 following provisions:

(1) That the policy be subject to the insurance laws of
2 this state.

(2) That no cancellation of the policy, whether by the
2 company or by the insured, shall be valid unless written no-
3 tice is given to the secretary of state in such form as the
4 secretary of state may prescribe at least ten days prior to
5 the effective date of such cancellation.

(3) That the policy, the written application therefor, if
2 any, and any rider or endorsement, which shall not conflict
3 with the provisions of this chapter and the insurance laws
4 of this state, shall constitute the entire contract between the
5 parties.

(4) That no statement made by the insured or on his
2 behalf and no violation of the terms of the policy shall oper-
3 ate to defeat or avoid the policy so as to bar recovery within
4 the limit provided in the policy by a judgment creditor pro-
5 ceeding under the provisions of law; and

(5) That if the death, the insolvency, or the bankruptcy
2 of the insured, shall occur within the policy period, the policy
3 during the unexpired portion of such period shall cover the
4 legal representatives of the insured.

A motor vehicle liability policy as defined in said section
2 two shall be deemed to contain any such provision in sub-
3 stance when in the opinion of the insurance commissioner
4 the provision is stated in terms more favorable to the in-
5 sured or to a judgment creditor than herein set forth, and
6 such policy may contain such other provisions not inconsist-

ent with section two as may be approved by the insurance commissioner.

The provisions of this section, except provisions one and three, shall apply to motor vehicle liability bonds as defined in said section two.

Sect. 13. No company shall issue any motor vehicle liability policy as defined in section two, or act as surety on any motor vehicle liability bond as therein defined, until it has filed with the insurance commissioner, in a form satisfactory to him, its classifications of risks relating thereto, nor until same have been approved in writing by the commissioner as adequate, just, reasonable and non-discriminatory. The commissioner may at any time withdraw his approval.

A company shall file with its annual statement, or whenever the insurance commissioner may require, a schedule of its experience under such policies or bonds in such form as the commissioner may prescribe. The commissioner, his deputy, or examiners, shall at all times have access to the certificates defined in said section two filed with the secretary of state.

Sect. 14. The insurance commissioner shall forthwith notify the secretary of state of the names of all companies as they become or cease to be authorized to issue motor vehicle liability policies or to act as surety upon motor vehicle liability bonds, both as defined in said section two.

Sect. 15. Any person aggrieved by any cancellation of a

2 motor vehicle liability policy or bond, both as defined in
3 section two, by the company issuing such policies or acting
4 as surety on such bonds or by the refusal of any company
5 or an agent thereof to issue such a policy or to act as surety
6 on such a bond, may file a written complaint with the insur-
7 ance commissioner in such form as he may prescribe. The
8 commissioner shall forthwith notify the board of appeal
9 on motor vehicle liability policies and bonds of the filing of
10 such complaint. The board or a member thereof shall give
11 written notice to the parties of the time and place of the
12 hearing on the complaint, which shall be not less than seven
13 days from the filing of the complaint. The board shall make
14 a finding as to whether the cancellation or refusal to issue
15 the policy or act as surety on such bond is proper and rea-
16 sonable, and whether the complainant is a proper risk to whom
17 to issue such policy or on behalf of whom to act as surety
18 on such bond, which finding shall be final and binding upon
19 the parties and shall be filed in the office of the commissioner
20 as a public record. If a company fails to comply with a
21 decision of the board in favor of a complainant within five
22 days after its rendition, the supreme judicial court shall have
23 jurisdiction in equity upon a petition filed by the complainant
24 to enforce compliance with such decision.

Sect. 16. Any person sustaining bodily injuries, or injury
2 to or destruction of his property, and the personal repre-
3 sentatives of any person sustaining death by reason of an
4 accident arising out of the ownership, operation, mainte-

5 nance or use upon the ways of the state of any motor vehi-
6 cle or trailer shall within thirty days thereafter give to the
7 company executing any motor vehicle liability bond as sure-
8 ty for the owner or the person responsible for the operation
9 of such motor vehicle or trailer involved in such accident,
10 or to the liability insurance company issuing the motor vehi-
11 cle liability policy covering such owner or other person, or
12 to such owner who as an applicant for registration deposits
13 cash or securities, a notice in writing of the time, place and
14 cause of the said injury, death or damage. If the person
15 sustaining injury or damage or the personal representative
16 of such person shall be unable to give such notice by reason
17 of lack of knowledge of either the person, or the registered
18 number of the motor vehicle or trailer causing such injury
19 or damage, notice shall be given as aforesaid within thirty
20 days of the time of acquiring such knowledge.

Sect. 17. Actions of tort for injuries to the person or for
2 death and for injuries to or destruction of property caused
3 by the ownership, operation, maintenance or use on the ways
4 of the state of motor vehicles or trailers shall be commenced
5 only within one year next after the cause of action accrues.

Sect. 18. No company, officer, agent or attorney thereof,
2 and no insurance broker shall pay or allow, or offer to pay
3 or allow any valuable consideration or inducement not speci-
4 fied in the policy or contract, in connection with placing or
5 negotiating any motor liability bond or any motor liability
6 policy, both as defined in section two. No such company.

7 officer, agent or broker shall at any time pay or allow or
8 offer to pay or allow any rebate of any premium paid or
9 payable on any policy of insurance or bond.

Sect. 19. No person shall receive or accept from any
2 company or officer or agent thereof or any other person,
3 any such rebate or premium paid or payable on any motor
4 vehicle liability bond or any motor vehicle liability policy,
5 both as defined in section two, at a rate less than that speci-
6 fied in the policy or contract. No person shall be excused
7 from testifying, or from producing any books, papers, con-
8 tracts, agreements, or documents, at the trial of any other
9 person charged with violating any provision of this and the
10 preceding section on the ground that such testimony or evi-
11 dence may tend to incriminate himself. But no person shall
12 be prosecuted for any act concerning which he shall be com-
13 pelled so to testify or produce evidence, documentary or
14 otherwise, except for perjury committed in so testifying.

Sect. 20. This act shall apply to registration of motor
2 vehicles and trailers for the year nineteen hundred and
3 twenty-six and for subsequent years, but not for the year
4 nineteen hundred and twenty-five.