

MAINE STATE LEGISLATURE

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EIGHTY-FOURTH LEGISLATURE

Senate Document

No. 290

S. P. 623

In Senate, March 1, 1929.

Referred to Committee on Mercantile Affairs and Insurance and 500 copies ordered printed. Sent down for concurrence.

ROYDEN V. BROWN, Secretary.

Presented by Senator Harriman of Kennebec.

STATE OF MAINE

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

AN ACT Requiring Owners of Motor Vehicles to Show
Certain Financial Responsibility or to Carry Liability
Insurance or to Furnish Bonds.

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

Section 1. No motor vehicle shall be registered for the
2 calendar year one thousand nine hundred and thirty or
3 for any calendar year thereafter and no certificate of reg-
4 istration thereof shall issue until the owner of such motor
5 vehicle as a prerequisite to registration and the insurance
6 of certificate thereof shall first have satisfied the secretary
7 of state in manner and form hereinafter prescribed that
8 such owner is financially able to respond in damages in

9 the sum of at least five thousand dollars (\$5,000.00) for
10 any one person injured or killed and in the sum of at least
11 ten thousand dollars (\$10,000.00) for any number of per-
12 sons more than one injured or killed in any one accident
13 and in the sum of at least one thousand dollars (\$1,000.00)
14 for property damage in any one accident resulting from
15 the negligent maintenance or operation of such motor vehi-
16 cle all as hereinafter provided for, provided, however, that
17 with respect to motor vehicles registered in other states
18 which are required by the laws of this state to be regis-
19 tered in this state the secretary upon proof satisfactory to
20 him that the owner of any such vehicle has secured under
21 the requirements of the laws of any other state the pay-
22 ment of damages of the kind and in approximately the
23 manner and amount herein provided for may waive to the
24 extent of such security the establishment of the financial
25 responsibility herein provided for.

Sect. 2. With every application for registration the owner
2 shall file with the secretary of state evidence of the estab-
3 lishment of and security for the maintenance of financial
4 responsibility in some one of the following forms:

Form 1. A policy or policies of automobile liability and
2 property damage insurance (in this act sometimes referred
3 to as automobile insurance) in a solvent and responsible
4 insurer authorized to do business in the state of Maine
5 (hereinafter sometimes called insurer) or in lieu of such
6 policy or policies, a certificate of the insurer in form pre-
7 scribed by the secretary of state that such a policy or poli-

8 cies upon a form theretofore filed with and approved by
9 the secretary has been duly issued to the owner, insuring
10 the owner and or the legal operator of such motor vehicle
11 for the term covered by the certificate or certificates of
12 registration or license issued thereon and may be in ad-
13 dition for a term or terms of any renewal or renewals of
14 such certificate or certificates of registration or license, in
15 at least the amounts hereinafter specified against loss from
16 the liability imposed by law upon such owner and or legal
17 operator, by reason of bodily injury to or death of any
18 person (other than a person employed by such owner and
19 or legal operator) or injury to or destruction of property
20 (not including property of such owner and or legal operator
21 nor property carried in or upon such motor vehicle or in
22 charge of the owner and for legal operator of such ve-
23 hicle) caused by the negligent maintenance, use or oper-
24 ation of said motor vehicle and resulting from accidents
25 occurring within the terms of such policy or policies. Such
26 policy or policies of insurance shall provide a limit of
27 liability exclusive of court costs and the expense of inves-
28 tigating and defending suits for each motor vehicle covered
29 thereby in the sum of at least five thousand dollars
30 (\$5,000.00) for bodily injury to or death of any one per-
31 son and subject to at least the same limit of liability for
32 each person so injured or killed in the sum of at least ten
33 thousand dollars (\$10,000.00) for bodily injury to or death
34 of more than one person in any one accident and in the
35 sum of at least one thousand dollars (\$1,000.00) for dam-

36 age to or destruction of property in any one accident and
37 shall provide for the payment subject however, to the
38 aforesaid limits of liability of any final judgment rendered
39 against the owner and or legal operator of such motor ve-
40 hicle, irrespective of the financial responsibility or legal
41 status of such owner and or legal operator. Such insur-
42 ance policy or policies shall contain a provision for a con-
43 tinuing liability thereunder notwithstanding any recovery
44 thereon and a provision that if the death, insolvency or
45 bankruptcy of the owner shall occur within the term there-
46 of the policy or policies during the unexpired portion of
47 such term shall cover as owner the legal representatives of
48 the owner subject to the right of cancellation as herein-
49 after referred to. Such policy or policies shall further
50 provide that nothing contained therein nor the violation
51 of any of the provisions thereof shall relieve the insurers
52 within the limit of liability, assumed as aforesaid from the
53 payment of any such judgment, but this provision shall
54 not as between insurer and the assured affect the rights
55 given by the policy or policies to the insurers against the
56 assured because of any such violation or otherwise.

Form 2. A bond of the owner of said motor vehicle
2 with a solvent and responsible surety company, author-
3 ized to do business under the laws of the state of Maine
4 (hereinafter sometimes called surety) as surety thereon,
5 such bond to be in the penalty of eleven thousand dollars
6 (\$11,000.00) for each motor vehicle so registered by the
7 owner provided that a maximum penalty of thirty thousand

8 dollars (\$30,000.00) shall suffice regardless of the number
9 of motor vehicles to be registered. Such bond shall run
10 to the state of Maine as obligee, shall be for the term
11 covered by the certificate or certificates of registration or
12 license issued thereon and may be in addition for the term
13 of any renewal of such certificate or license and shall be
14 conditioned that the owner and or legal operator of such
15 motor vehicle (which vehicle shall be in such bond prop-
16 erly described) will satisfy any final judgment as in said
17 bond limited that may be recovered against said owner and
18 or legal operator as a result of bodily injury to or death
19 of any person (other than a person employed by such
20 owner and or legal operator) or by reason of injury to
21 or destruction of any property (not including property of
22 the owner and or legal operator nor property carried in
23 or upon such motor vehicle or in charge of the owner or
24 legal operator of such vehicle) resulting from accidents
25 occurring during the term thereof and caused by the neg-
26 ligent maintenance or operation of such motor vehicle and
27 shall by its terms insure to the benefit of any and all such
28 persons and their personal representatives suffering loss or
29 damage either to person or property or both as herein pro-
30 vided, but in no event shall more than five thousand dol-
31 lars (\$5,000.00) be recovered under such bond for bodily
32 injury to or death of any one person nor more than ten
33 thousand dollars (\$10,000.00) for bodily injury to or death
34 of more than one person in any one accident and in no
35 event shall more than one thousand dollars (\$1,000.00) be

36 recovered for damage to or destruction of property as
37 aforesaid in any one accident, which limits shall however
38 be exclusive of costs on any such judgment. Such bond
39 shall provide that suit may be brought thereon in any court
40 of competent jurisdiction by any person, firm or corpo-
41 ration recovering any final judgment as herein provided.
42 Such bond shall further contain a provision for a continu-
43 ing liability thereunder during the term thereof notwith-
44 standing any recovery thereon and a provision that if the
45 death, insolvency or bankruptcy of the owner shall occur
46 within the term thereof the bond during the unexpired por-
47 tion of such term shall cover as owner the legal representa-
48 tives of the owner.

Form 3. Upon satisfying the secretary of state as to the
2 permanence and financial standing of the owner and or legal
3 operator such owner desiring to be exempt from furnishing
4 a policy of automobile insurance as provided for in form
5 one or furnishing a surety bond as provided for in form
6 two, shall make application to the secretary of state show-
7 ing under oath his financial ability to respond in damages
8 to the extent provided for in this act whereupon the sec-
9 retary of state if satisfied of the applicant's financial re-
10 sponsibility, shall by written order make such exemption.
11 The secretary of state shall from time to time and at least
12 annually require further statements of the financial ability
13 of such owner and if at any time in the opinion of the
14 secretary of state such owner appear no longer able to
15 respond in damages to the extent provided for in this act,

16 the secretary shall revoke his order granting exemption,
17 in which case the owner shall immediately and before fur-
18 ther operating or allowing to be operated his motor vehicle
19 or vehicles, comply with the provisions of this act either
20 by insurance as provided for in form one or by furnish-
21 ing a surety bond as provided for in form two.

Any person who shall make any wilfully false statement
2 in any such application for exemption under the provisions
3 of this form shall be guilty of perjury.

Any such written order of exemption may be renewed
2 from year to year unless revoked by the secretary of state.

Sect. 3. It shall be the duty of any owner to notify the
2 secretary of state of any change in his financial standing
3 involving inability to pay damages as provided in form
4 three, section three of this act and immediately to estab-
5 lish his financial ability in one of the ways provided by
6 forms one and two of said section and upon failure so to
7 establish his financial ability the registration of his motor
8 vehicle shall be revoked by the secretary of state. Any
9 owner who shall fail or neglect to notify the secretary of
10 state of any change in his financial standing as herein-
11 before provided shall be guilty of misdemeanor and upon
12 conviction thereof shall be sentenced to pay a fine not ex-
13 ceeding one thousand dollars (\$1,000.00).

If an owner exempted by the secretary of state under the
2 provisions of form three, section three of this act, shall
3 fail or refuse to pay any final judgment for damages caused
4 by the negligent use, maintenance or operation of his motor

5 vehicle by the owner or legal operator thereof, the secre-
6 tary of state shall revoke the registration of the owner's
7 motor vehicle until such judgment is fully satisfied.

Sect. 4. The secretary of state shall indicate on each cer-
2 tificate of registration or motor vehicle owner's license, the
3 method adopted by the owner and authorized by the sec-
4 retary for compliance with the provisions of this act in
5 the establishment of financial responsibility as herein pro-
6 vided.

Sect. 5. Required, (a) Any policy or bond filed under
2 the provisions of this act, may be cancelled as to accidents
3 occurring subsequent to the effective date of cancellation
4 by the insurer or surety or by the owner upon the terms
5 and in the manner therein provided for but such cancella-
6 tion shall not be effective unless and until twenty (20)
7 days' notice in writing of such cancellation shall have been
8 given the secretary of state. Service of such notice upon
9 the secretary may be made either personally or by regis-
10 tered mail and if by registered mail shall be deemed com-
11 plete when such notice is deposited in the post office, post-
12 age prepaid, directed to the secretary of state at his official
13 address in the city of Augusta.

(b.) Immediately upon receipt of notice by the secretary
2 of state the cancellation of any such policy or bond or if
3 the authority of the insurer or surety to transact such
4 business in the state of Maine shall be revoked, he shall
5 require the owner either to replace it (if in case of can-

6 cellation then prior to the effective date of cancellation
7 otherwise within such period not less than five days as
8 the secretary may designate) with another good and suffi-
9 cient policy or bond in accordance with the provisions of
10 this act in default of which the owner's license and cer-
11 tificate of compliance shall be revoked for all motor ve-
12 hicles covered by such policy or bond.

(c.) Upon revocation of the car registration of any
2 owner by the secretary, notice shall be by the secretary
3 sent to the insurer or surety as the case may be and such
4 notice of revocation shall operate automatically to cancel
5 such policy or policies or bond as to all accidents occurring
6 subsequent to the revocation of such car registration and
7 such insurer or surety shall be liable for the return of the
8 unearned premium upon such policy or policies or bond.

Sect. 6. Notwithstanding any provision in this act for the
2 satisfaction of judgments against the operator of the mo-
3 tor vehicle or vehicles of such owner or for the liability
4 on surety or insurer for such judgments, no execution upon
5 such judgments shall be satisfied nor such liability imposed
6 under this act in any case where the owner or the surety
7 or insurer can establish that the operator was at the time
8 of the accident using such motor vehicle without the own-
9 er's consent, express or implied, provided that consent of
10 the owner's authorized agent or some adult member of the
11 owner's immediate household, other than a chauffeur or
12 domestic servant, shall be taken to be the consent of the

13 owner within the meaning of this section or in any case
14 where the owner, surety or insurer can establish that the
15 action upon which such judgment shall have been obtained
16 whether for bodily injury (or death resulting therefrom)
17 or damage to property was instituted more than one year
18 after the dates upon which such cause of action accrued.