

# MAINE STATE LEGISLATURE

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E I G H T Y - S I X T H   L E G I S L A T U R E

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Legislative Document

No. 313

H. P. 877

House of Representatives, Feb. 1, 1933.

Referred to Committee on Legal Affairs and 500 copies ordered printed.  
Sent up for concurrence.

HARVEY R. PEASE, Clerk.

Presented by Mr. Flanders of Auburn.

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S T A T E   O F   M A I N E

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED THIRTY-  
THREE

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AN ACT to Incorporate the Maine Reinsurance Company.

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

**Section 1. Corporators; corporate name; general authority.** In order to provide additional opportunity for sound insurance on farm property and to enable the existing domestic fire companies to function more efficiently and economically in respect to rural risks, Thomas C. White of Lewiston, Jacob B. Ham of Lewiston, Harvey F. McGlauffin of Presque Isle, Dana O. Dudley of Woodstock and Alton C. Wheeler of Auburn are hereby made a body corporate by the name of the Maine Reinsurance Company and by that name shall sue and be sued; may have a common seal, establish by-laws, rules and regulations for the management of its affairs not repugnant to this charter and the laws of this state, and may purchase, hold and convey all such property, real and personal, as may be deemed necessary for the use and accommodation of the business of the company and generally do and perform all legal acts incident to similar corporations.

**Sec. 2. Purposes and powers.** In addition to the general purposes named in section 1 the powers of said corporation shall be to make insurance, upon the stock or mutual principle, for a term, not exceeding 7 years, on dwelling houses, stores, shops and other buildings, and on household furniture, merchandise and other property, against loss or damage by fire originating in any cause other than by design on the part of the assured, and to write and effect fire reinsurance in any form.

**Sec. 3. Location.** The said corporation shall be located and have its legal location in the city of Auburn, in the county of Androscoggin and state of Maine.

**Sec. 4. Provisions as to capital and guaranty fund.** Before issuing any policies of insurance said corporation shall establish a guaranty fund or capital of not less than \$10,000 which shall have all the characteristics and be subject to the same obligations, as are provided for such fund or capital in section 56 of chapter 60 of the revised statutes.

**Sec. 5. Operation.** When said guaranty fund or capital shall have been thus established and when applications shall have been made in good faith, for insurance to the amount of \$50,000, the insurance commissioner shall issue his certificate of approval and said corporation shall thereupon be authorized to write business and may take premium notes as provided in section 36 of said chapter 60, or in lieu of such notes it may charge and collect premiums in cash, and by its by-laws and policies fix the contingent mutual liability of its members for the payment of losses and expenses not provided by its cash funds; but such contingent liability of a member shall not be less than an amount equal to and in addition to the cash premium written in his policy and in no case less than 1% of the maximum liability of the company under said policy. The total amount of the liability of the policyholder shall be plainly and legibly stated upon the filing-back of each policy. Whenever any reduction is made in the contingent liability of members such reduction shall apply proportionally to all policies in force.

The right is hereby conferred to establish upon majority vote of the members of this corporation, any amount of capital stock not exceeding \$100,000 and to issue any part thereof; and whenever the capital stock is so established, the members may provide that such increased capital stock or such part thereof as they may by vote determine, shall be devoted and held exclusively for any one of the kinds of insurance herein authorized to be undertaken by said corporation.

For all purposes in connection with the business of the Maine Reinsurance Company the word "member" and the word "policyholder" shall be deemed and construed to refer to persons or corporations who enter into contracts of insurance with it, and accordingly not only persons but all corporations organized under the laws of this state, including domestic mutual fire insurance companies, are hereby empowered to enter into contracts of insurance with the Maine Reinsurance Company unless such contract be prohibited by express provision in the charter or certificate of organization of such contracting corporation. Domestic mutual fire insurance companies are furthermore authorized and empowered to subscribe to

the guaranty fund or capital of this corporation to an amount not exceeding \$2,000 for every such mutual fire insurance company.

**Sec. 6. Organization.** The first meeting of said corporation shall be called by a notice signed by one of the incorporators hereinbefore named, stating the time and place thereof, a copy of which, 7 days at least before the time appointed, shall be given to each incorporator, left at his usual place of business or residence or deposited in the post office prepaid and addressed to him at his usual place of business or residence. Such notice shall be proved by affidavit of the person giving it.

At such first meeting, including any adjournment thereof, an organization shall be effected by the choice by ballot of a temporary clerk, who shall be sworn to the faithful discharge of his duties; by the adoption of by-laws consistent with this charter and laws of the state, and by the election in the manner provided by law of directors and such other officers as the by-laws require, provided however that at least three of the incorporators hereinbefore named shall be members of the first board of directors. The temporary clerk shall record the proceedings until and including the qualification of the secretary of the corporation by his being sworn. No organization shall be effected at any such meeting or its adjournment, unless a majority of the incorporators are present in person.

The board of directors thus elected shall elect a president, an executive committee, a secretary and other officers which under the by-laws they are authorized to choose.

The president, secretary and a majority of the directors shall forthwith make, sign and swear to a certificate setting forth the date of the adoption of this charter by said incorporators, the name and purposes of the corporation, the name of the county where it is located and the number and names of the incorporators acting as directors. Such certificate shall be recorded in the registry of deeds in the county where the principal office is to be located and a copy thereof certified by such register shall be filed in the secretary of state's office, who shall enter the date of filing thereon and on the original certificate to be kept by the corporation, and shall record said copy in a book kept for that purpose, and from the time of filing such certificate in the secretary of state's office, the incorporators of said corporation, their successors and assigns, shall be a corporation with the powers hereinbefore granted.

**Sec. 7. General insurance laws applicable.** Except in so far as they may be inconsistent herewith the general laws with reference to insurance companies shall be applicable to this corporation.