

# MAINE STATE LEGISLATURE

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**Legislative Document**

**No. 1021**

H. P. 1706

House of Representatives, March 23, 1933.

Reported by Mr. Plummer from Committee on Mercantile Affairs and Insurance and laid on table to be printed under Joint Rules.

HARVEY R. PEASE, Clerk.

New Draft of H. P. 1612, L. D. 941.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED THIRTY-THREE

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AN ACT Providing for the Temporary Support and Regulation of Insurance Companies.

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**Emergency Preamble.** Whereas a general suspension of banking privileges has already taken place throughout the United States and may continue for an indefinite period before deposits in banks and the proceeds from the sale of securities of insurance companies are available for payment of outstanding claims; and

Whereas, public exigencies may require the segregation of corporate funds beyond the times when such claims may become due, by judicial decree, agreement or otherwise; and

Whereas, existing laws may be inapplicable or inadequate and

Whereas, the facts render the passage of this act necessary for the immediate preservation of the public health, peace and safety, and constitute an emergency within the meaning of the constitution, now, therefore,

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

**Sec. 1. Insurance emergency may be proclaimed.** Whenever it shall appear to the governor that the welfare of the state or any section thereof, or the welfare and security of insurance companies under the supervision of the insurance commissioner, in this act referred to as "insurers," or their

insureds or beneficiaries, require, the governor may proclaim that an insurance emergency exists, and the provisions of this act shall thereupon become effective.

**Sec. 2. The insurance commissioner empowered to act.** During the period of any such emergency the insurance commissioner, hereinafter called the commissioner, shall have the power to make, amend, or rescind such rules and regulations governing the business of any insurers as he deems expedient in order to adopt and maintain sound methods of protecting the interests of insurers, insureds, beneficiaries, or the public.

**Sec. 3. Commissioner empowered to regulate or suspend companies.** During any such period the commissioner is hereby empowered to suspend for such time or times as he may determine the transaction of insurance functions of any insurer licensed in the state, whether domestic or foreign, solvent or otherwise, and to limit its insurance business in volume or character, to such particular amounts or classifications and for such time or times as he may deem advisable.

**Sec. 4. Commissioner may defer payments when necessary.** During any such period the commissioner shall have, in accordance with rules or orders made and issued by him, authority to postpone or defer for such time or times as he may determine the payment of any amount payable under the terms of any policy of insurance, annuity or pure endowment contract, and the payment of judgments, notes, drafts, checks, bills of exchange, or other forms of payment of claims due from insurers to any person, firm or corporation, whether such claim is liquidated or unliquidated, due or to become due at a day certain, and may direct payment in full or in part whenever in his discretion such payment may be safely consummated.

**Sec. 5. Insurer defined.** The word insurers shall include corporations, inter-insurers, associations, societies and orders as well as partnerships and individual agents, representing such organizations.

**Sec. 6. Personal responsibility of the commissioner limited.** The commissioner shall not be held legally responsible for any act or failure to act in the premises when such act, or failure to act, shall have been shown to be the result of good faith.

**Sec. 7. Penalties for violation.** Any violation of any order issued by virtue of this act, or any rule or regulatory provision made by the commissioner pursuant thereto, shall be punished by a fine of not more than \$1,000, or by imprisonment for less than one year, or by both.

**Sec. 8. Jurisdiction of the courts.** During any such period said commissioner is hereby authorized to issue such directions, rules or orders as in his discretion the circumstances may warrant, and any justice of the

supreme judicial, or superior courts shall have full jurisdiction to enforce the provisions of this act by appropriate decrees in equity.

**Sec. 9. Duration of the act at will of the governor.** The authority and power given the insurance commissioner under this act shall terminate and be of no effect when the governor shall proclaim that any such emergency has ceased to exist.

**Emergency clause.** In view of the emergency set forth in the foregoing preamble this act shall take effect when approved.