

MAINE STATE LEGISLATURE

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DECEMBER SPECIAL SESSION

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

Legislative Document

No. 77

H. P. 67

House of Representatives, Dec. 5, 1933.

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

HARVEY R. PEASE, Clerk.

Presented by Mr. Carleton of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND
THIRTY-THREE

**AN ACT to Enable Domestic Mutual Fire Insurance Companies to Obtain
Aid from the Federal Intermediate Credit Bank.**

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

R. S., c. 60, § 36, amended. Section 36 of chapter 60 of the revised statutes, as amended, is hereby further amended to read as follows:

'Sec. 36. Assessments on premium notes and contracts of insurance; limits of liability to be stated. The insured, before receiving his policy, shall deposit his note for the sum determined by the directors, which shall not be less than 5% of the amount insured, and such part of it as the by-laws require, shall be immediately paid and endorsed thereon; and the remainder in such instalments as the directors from time to time require for the payment of losses and other expenses, to be assessed on all who are members when such losses or expenses happen, in proportion to the amounts of their notes, and the remainder shall be assessed in such instalments as the directors from time to time require for the payment of losses, accrued expenses, and a reasonable overlay, to be assessed on all who are members when such losses or expenses happen, in proportion to the amounts of their notes. Provided, that a mutual company which collects a cash premium of not less than the tariff rate charged by stock companies may

take a premium note for an equal amount and such companies shall maintain a premium reserve equal to 50% of the cash premium on its policies in force. No domestic mutual insurance company shall insure in one risk an amount exceeding 25% of its gross assets, including the amount at any time due on its premium notes. Any mutual company in place of the premium note required by law may provide in the policy of insurance as a condition of the insurance made by the policy that the insured and legal representatives shall pay in addition to the stipulated premium of such policies such sum as may be assessed by the directors of the company pursuant to the laws of this state, but such contingent liability of a member shall not be less than an amount equal to the cash premium written in his policy. The total amount of the liability of the policyholder shall be plainly and legibly stated upon the filing back of each policy.

Domestic mutual fire insurance companies may become members of and acquire by purchase or otherwise non assessable stock in agricultural credit corporations or cooperative associations the purposes of which are to obtain loans for their members from the Federal Intermediate Credit Bank of Springfield or from any mutual or cooperative agency and may borrow from said bank or other such agency for the purpose of paying losses and expenses of operation of the company in advance of assessments. No notes or instruments of indebtedness given in connection with such a loan shall have a maturity date later than 1 year from the date the loan is made, and shall be repaid from the assessments or other income of the company.'