

# MAINE STATE LEGISLATURE

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NEW DRAFT

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**EIGHTY - SEVENTH LEGISLATURE**

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**Legislative Document**

**No. 905**

H. P. 1848

House of Representatives, April 3, 1935.

Reported by five members from Committee on Judiciary. On motion of Mr. Jackson of Portland both reports tabled pending acceptance of either report. New draft ordered printed and Thursday, April 4th assigned.

HARVEY R. PEASE, Clerk.

NEW DRAFT OF H. P. 1234, L. D. 601

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**STATE OF MAINE**

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
THIRTY-FIVE

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**AN ACT Requiring Owners of Certain Motor Vehicles and Trailers to  
Furnish Security For Their Civil Liability on Account of Personal In-  
juries and Property Damage Caused by Their Motor Vehicles and  
Trailers.**

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

**Sec. 1. Financial responsibility.** No motor vehicle or trailer shall be registered under the motor vehicle laws of this state until the owner thereof shall provide for financial responsibility in one of the following forms:

1. By an insurance policy conditioned as hereinafter provided and issued by an insurance company authorized to do business in this state.
2. By providing a bond with two or more sureties which bond and sureties shall meet the approval of the insurance commissioner.
3. By a deposit of cash in the amount of \$10,000 with the commissioner of insurance.

**Sec. 2. Condition on bonds, etc.** Each of the foregoing shall be conditioned as follows:

1. To pay any final judgment or judgments against the owner of the

motor vehicle or trailer or any person operating or in control of the said motor vehicle or trailer with the actual or implied consent of the owner, obtained by reason of a claim for death, personal injuries or property damage, occasioned by the negligent use, maintenance, or operation of such motor vehicle or trailer during the term of the policy or bond, and within the limits as provided hereinafter.

The policy of insurance and bonds shall provide a payment for injuries or death to 1 person in 1 accident, not less than \$5,000; and for injuries or death to more than 1 person in 1 accident, not less than \$10,000; and for property damage, not less than \$1,000.

The recovery on all bonds and insurance policies herein mentioned shall be conditioned upon the recovery of a final judgment against the owner of said motor vehicle or trailer.

Bankruptcy, death, or insolvency of the principal of a bond, or the insured under said policy, required under this act, shall not effect the liability of the sureties or the insurer.

**Sec. 3. Alternative insurance.** The insurer may, at his option, offer a policy subject to the terms and the conditions of this act containing an additional clause as follows: The insured shall be obliged to pay or to contribute, as the case may be, the 1st \$50 of any settlement made or judgment recovered; discretion in all cases as to settlement shall be vested in the insuring company who shall make payment direct to the injured party. No final settlement shall be made by the insuring company unless ten days notice of such settlement is given to the insured party. If the settlement is made over protest of the insured party his plates shall not be cancelled without a hearing. If the insured fails to repay the said insuring company the sum paid by said company as aforesaid within 30 days after written notice given to said insured by said insuring company, the policy shall be cancelled as hereinafter provided and the certificate of registration or said insured shall be cancelled by the secretary of state.

**Sec. 4. Certificate.** Upon the acceptance of a bond or a policy of insurance, the insurance commissioner shall issue to the owner of the said motor vehicle or trailer, a certificate describing such motor vehicle or trailer, the name of the owner, and the name of the insurer or sureties on the bond.

**Sec. 5. Cancellation.** Any insurer or surety upon any bond may cancel the same by filing with the commissioner of insurance notice of such intended cancellation stating the cause thereof, at least 10 days before its

effective date, and mailing by registered mail to the insured or principle, as the case may be, a copy of such notice, and such insurer or surety shall cease to be liable on such bond or policy after the date contained in the notice; provided said insurer or surety returns to the insured the unearned portion of the premium paid.

The insurance commissioner shall thereupon notify the owner of such motor vehicle or trailer of the filing of such notice and unless such owner shall file a new bond or policy of an insurance company as provided herein by section 1, on or upon such date as shall be specified by the insurance commissioner, or shall return the certificate of registration and the number plates belonging to the motor vehicle or trailer to the insurance commissioner or his agent, as hereinafter provided, and same shall within such time, remain in his custody until a new bond or policy is filed. The registration of such motor vehicle or trailer shall be automatically suspended upon receipt of said notice from the insurance commissioner. Forthwith after his registration has been so suspended such owner shall return the number plates issued for such motor vehicle or trailer to the insurance commissioner if same has not been done as aforesaid. Failure to so return the same shall constitute a misdemeanor, and shall be punished as provided in section 9 hereafter. Any policeman, state police officer or other peace officer may, and when so directed by the secretary of state or his agent, seize any number plates retained in violation of this section. Power is hereby conferred upon the secretary of state to deputize 1 or more of the employees of said office to recover number plates previously issued for motor vehicles or trailers, in case a notice of complaint is received as herein provided. Any persons so deputized shall have full power and right to seize, take and remove the number plates from any such motor vehicles or trailers as the secretary of state has suspended.

**Sec. 6. Reporting of accidents.** Every person insured, who is involved in any accident, shall forthwith report to his insurer the time, place and cause thereof in writing, and shall forward to his insurer forthwith any letters, claims or summons which come into his possession.

**Sec. 7. Limitation.** Nothing in this act shall be construed as to extent or infringe upon the coverage of chapter 55 of the revised statutes.

**Sec. 8. Approval of rates.** Each insurer shall file a schedule of rates with the board and no rates shall be effective until approved by the insurance commissioner. The rates may provide for the payment of premiums monthly, quarterly, semi-annually or annually, as the insured may

elect. The insurance commissioner may approve different rates for the same kind of coverage but all rates shall be based on actuarial experience. The insurance commissioner shall permit to be included in the premium rate the cost of inspections of the motor vehicle or trailer covered by insurance. The insurance commissioner may on his own motion, or on the request of any insurer, or on the complaint of 25 persons owning registered motor vehicles or trailers, conduct an investigation to determine if the premium rates charged by insurance carriers should be increased or diminished. After a hearing or hearings held upon notice of not less than 20 days to all parties in interest, if the insurance commissioner finds that actuarial experience shows that the rate charged by insurers is excessive or insufficient to provide an adequate reserve to pay losses, it may issue an order directing the insurers to file a new schedule of rates in accordance with the terms of the decision of the board.

**Sec. 9. Penalty.** Whoever operates or permits to be operated a motor vehicle or trailer with knowledge that the motor vehicle or trailer liability policy, or bond, or deposit required by the provisions of section 1, has not been provided and maintained in accordance thereunder, shall be punished by a fine of not more than \$500 or by imprisonment for not more than 90 days.

**Sec. 10. Constitutionality.** If any part, subdivision, or section of this act shall be declared unconstitutional, the validity of its remaining provisions shall not be effected thereby. This act shall not apply to any motor vehicle or trailer owned by the state or by a corporation subject to the supervision and control of the public utilities commission or by a street railway commission under public control.