

MAINE STATE LEGISLATURE

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

Legislative Document

No. 179

H. P. 626

House of Representatives, February 2, 1937.

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

HARVEY R. PEASE, Clerk.

Presented by Mr. Cambridge of Westfield.

S T A T E O F M A I N E

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
THIRTY-SEVEN

AN ACT Providing for Assessment of Premium Notes and Insurance
Contracts.

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 Section 36 of chapter 60 of the revised statutes, as amended, is hereby repealed and the following section enacted in place thereof:

‘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. 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 any mutual company which collects a cash premium of not less than a tariff rate approved by the insurance commissioner 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. The delivery of the policy and payment of the premium by any assured shall be deemed an acceptance of the contract.'