

# MAINE STATE LEGISLATURE

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

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**Legislative Document**

**No. 322**

H. P. 931

House of Representatives, February 2, 1939.

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

HARVEY R. PEASE, Clerk.

Presented by Mr. Paul of Portland.

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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-NINE

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### **AN ACT to Incorporate the Associated Hospital Service of Maine.**

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

**Sec. 1. Corporators; incorporation.** Phillips M. Payson, Walter G. Davis, Rolland E. Irish, Edward B. Moulton, Adam P. Leighton, Walter E. Tobie, Harold V. Bickmore, John R. Gilmartin, S. Arthur Paul, all of Portland, in the county of Cumberland and state of Maine, or such of them as may vote to accept this charter with their associates, successors and assigns, are hereby made a body corporate to be known as the Associated Hospital Service of Maine.

**Sec. 2. Location.** The corporation shall be located at Portland, in the county of Cumberland and state of Maine.

**Sec. 3. Purposes.** To establish, maintain and operate a non-profit hospital service plan, whereby hospital care may be provided by hospitals or groups of hospitals with which this corporation has a contract for such purpose, to such of the public as become subscribers to said plan under a contract which entitles each subscriber to certain hospital care, and the hospital or hospitals so contracting with this corporation shall be governed by this section and shall be exempt from all other provisions of the insurance laws of this state, unless otherwise specifically provided herein.

**Sec. 4. May enact by-laws.** Said corporation may enact such by-laws and make amendment thereto from time to time as shall be desirable for the orderly conduct of its business, and may establish such offices and may elect such officers as it shall deem desirable to effectuate its corporate purposes.

**Sec. 5. Articles of incorporation.** Articles of incorporation of this corporation shall be submitted to the insurance commissioner of the state of Maine, whose approval thereof shall be endorsed thereon before the same are filed with the secretary of state. At least a majority of the directors of this corporation must be at all times administrators, incorporators, trustees, or members of the clinical staff of the hospital or hospitals which have contracted with this corporation to render hospital service to the subscribers.

This corporation may enter into contracts for the rendering of hospital service to the subscribers only with hospitals approved by the state department of welfare of the several states. All contracts issued by this corporation to the subscribers shall constitute direct obligations of the hospital or hospitals with which this corporation has contracted for hospital care.

**Sec. 6. Qualifications.** This corporation may qualify and commence operation when and at such time as formal certificate or license has been authorized and granted by the commissioner of insurance of the state of Maine. Application for such certificate of authority or license shall be made on forms to comply with the ruling of the commissioner of insurance, containing such information as he shall deem necessary. This application for certificate or license shall be accompanied by copies of the following documents: (a) certified copy of by-laws; (b) certified copy of proposed contract between this corporation and participating hospitals showing terms under which hospital service is to be furnished to subscribers; (c) certified copy of contracts to be issued to subscribers showing a table of the rates to be charged and the benefits to which they are entitled; (d) a financial statement certified to by the treasurer of this corporation.

The commissioner of insurance shall annually issue a certificate of authority or license upon being satisfied on the following points:

(a) That this applicant is established as a bona-fide non-profit hospital service plan.

(b) That the rates charged and benefits to be provided are fair and reasonable.

(c) That contributions to the working funds of the corporation are re-

payable only out of earned premiums over and above operating expenses, payments to participating hospitals and such reserve as found adequate.

(d) That the amount of money actually available for working capital be sufficient to carry all acquisition costs and operating expenses for a reasonable period of time from the date of the issuance of the certificate.

**Sec. 7. Officers.** The board of directors of this corporation shall be not less than 9 nor more than 21; its officers to consist of a president, vice president, secretary and treasurer.

**Sec. 8. First meeting; how called.** Any 3 of the incorporators named in this act may call the first meeting of the corporation by mailing a written notice signed by 3 incorporators, postage prepaid, to each of the other incorporators 5 days at least before the day of the meeting, naming the time, place and purpose of such meeting; and at such meeting such officers may be chosen and such business may be transacted as shall be specified in the call for such meeting.

**Sec. 9. Merger or consolidation.** The corporation may sell, lease, pledge, assign, mortgage, or otherwise dispose of the whole or any part of its property, franchises, permits, rights and privileges to any other corporation authorized to do a similar business, or may merge or consolidate with such corporation; and it may buy or otherwise acquire the rights, permits, privileges, franchises or property of any person, partnership or corporation which may be desirable in the conduct of its business.

**Sec. 10. Reports.** This corporation shall annually on the 1st day of March file a statement verified by at least 2 of the principal officers of said corporation showing its condition on the 31st day of December, then next preceding, which shall be in such form and shall contain such matters as the commissioner of insurance shall prescribe.

**Sec. 11. Visitation.** The commissioner of insurance, or any deputy or examiner or any other person whom he shall appoint, shall have the power of visitation and examination into the affairs of this corporation and free access to all of the books, papers and documents that relate to the business of the corporation, and may summon and qualify witnesses under oath to examine its officers, agents or employees or other persons in relation to the affairs, transactions and conditions of the corporation.

**Sec. 12. Investments.** This corporation shall be restricted in its investments in the same manner as are savings banks in this state.

**Sec. 13. Disputes.** Any dispute arising between this corporation and

any hospital with which the corporation has a contract for hospital service may be submitted to the commissioner of insurance for his decision with respect thereto. Any decision and findings of the commissioner of insurance made under the provisions of this section shall not be any bar to constituted legal procedure for the review of such proceedings in a court of competent jurisdiction.

**Sec. 14. Dissolution.** Any dissolution or liquidation of this corporation shall be conducted under the supervision of the commissioner of insurance who shall have all power with respect thereto granted to him under the provisions of law with respect to the dissolution and liquidation of insurance companies.

**Sec. 15. Taxation.** This corporation is hereby declared to be a charitable and benevolent institution, and its funds and property shall be exempt from taxation.