

# 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. 611**

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H. P. 1432

House of Representatives, February 9, 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. Marshall of Auburn by request.

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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 Relating to Non-Profit Hospital Service Plans.**

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

**Sec. 1. Definition and scope of article.** Any corporation heretofore or hereinafter organized under chapter 70 of the revised statutes for the purpose of establishing, maintaining and operating a non-profit hospital service plan whereby hospital care may be provided by the said corporation or by a hospital with which it has a contract for such care and which is maintained by the state or any of its political subdivisions, or maintained by a corporation organized for hospital purposes under the laws of this state, or such other hospitals as shall be designated by the state department of health and welfare, to such of the public who become subscribers to said plan under a contract which entitles each subscriber to certain hospital care, shall be governed by this article and by the provisions of the insurance law of this state, unless specifically designated herein.

**Sec. 2. Incorporation.** (1) Persons desiring to form a non-profit hospital service corporation shall incorporate under the provisions of chapter 70 of the revised statutes.

(2) At least a majority of the directors of such corporation must be at all times directors or trustees of hospitals designated in section 1 of this

act which have contracted or may contract with such corporation to render to its subscribers hospital service.

(3) Every certificate or incorporation of a non-profit hospital service corporation filed pursuant to the provisions of the membership corporation law of the state of Maine shall have endorsed thereon or annexed thereto the consent of the superintendent of insurance of the state of Maine.

**Sec. 3. Contracts.** (1) Any corporation subject to the provisions of this article may enter into contracts for the rendering of hospital service to any of its subscribers only with hospitals maintained by the state or any of its political subdivisions, or maintained by a corporation organized for hospital purposes under the laws of this state, or such other hospitals as shall be designated by the state department of health for such purpose.

(2) The rates charged by such corporation to the subscribers for hospital care shall at all times be subject to the approval of the superintendent of insurance of the state of Maine.

(3) All rates of payments to hospitals made by such corporation pursuant to the contracts provided for in subdivision (1) of this section shall be approved prior to payment by the state department of insurance.

**Sec. 4. Annual reports of corporations.** Every such corporation shall annually on or before the first day of March file in the office of the superintendent of insurance 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 superintendent shall prescribe.

**Sec. 5. Examinations.** The superintendent 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 any such 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 condition of the corporation.

**Sec. 6. Acquisition costs.** All acquisition costs in connection with the solicitation of subscribers to such hospital service plans shall at all times be subject to the approval of the superintendent of insurance.

**Sec. 7. Funds.** The funds of any corporation subject to the provisions of this article shall be invested only in securities permitted by the law of this state for the investment of assets of life insurance companies.

**Sec. 8. Review.** (1) Any dispute arising between a corporation subject to the provisions of this article and any hospital with whom such corporation has a contract for hospital service as provided for in section 3 may be submitted to the insurance department for its decision with respect thereto.

(2) All decisions and findings of the superintendent of insurance under the provisions of this article may be revised by proper proceedings in a court of competent jurisdiction.

**Sec. 9. Dissolution and liquidation.** Any dissolution or liquidation of a corporation subject to the provisions of this article shall be under the supervision of the superintendent of insurance, who shall have all powers with respect thereto granted to him.

If the certificate of incorporation specifies among its purposes the establishment, maintenance and operation of a hospital service plan as permitted under chapter 70 of the revised statutes, the secretary of state shall refer the same to the state department of insurance and the state department of health and shall not file such certificate containing such provision until the consent of the superintendent of insurance and the state department of health shall be endorsed thereon or annexed thereto.