

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

Legislative Document

No. 616

H. P. 1436

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. Winslow of Auburn.

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

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
THIRTY-NINE

AN ACT Making Certain Changes in the Insurance Law.

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

Sec. 1. R. S., c. 60, § 20, amended. Section 20 of chapter 60 of the revised statutes is hereby amended to read as follows:

'Sec. 20. **Capital and assets, how to be invested.** ~~The capital and other assets~~ **An amount equivalent to the aggregate par value of all issued and outstanding shares of capital stock** of stock insurance companies incorporated in this state, ~~except such as may be needed for immediate use,~~ **or in the case of any such companies having no par value stock an amount equivalent to the amount of capital represented by shares of no par value stock issued and outstanding, and such part of the surplus of such companies as the insurance commissioner may direct,** shall be invested in such manner and in such funds, stocks and bonds, as savings banks of this state may invest in, as provided in section 27, of chapter 57, and said insurance companies shall be restricted in their investments **of the above amounts** in the same manner as are the savings banks of this state.'

Sec. 2. R. S., c. 60, § 24, amended. Section 24 of chapter 60 of the revised statutes is hereby amended to read as follows:

'Sec. 24. Policies, how executed. All policies of insurance shall be signed by the **chairman of the board, the president, or in case of his death, inability, or absence, by a vice-president, an assistant vice-president, or any 2 of the directors, and countersigned by the treasurer, an assistant treasurer, the secretary or assistant secretary;** and they shall be binding upon the company as if executed under its corporate seal.'

Sec. 3. R. S., c. 60, § 59, amended. Section 59 of chapter 60 of the revised statutes is hereby amended to read as follows:

'Sec. 59. Corporate name; objection by insurance commissioner. Any name not previously in use by an existing corporation or company may be adopted, provided, that **one or more of the words, "insurance," "surety," "fidelity," "casualty," "bonding," or "fire" or "mutual insurance," as the business is to be conducted,** constitute a part of such title. **The word "mutual" shall also appear in the title of all companies operating on the mutual plan.** The commissioner may refuse his certificate hereinafter provided, until the adoption of a different name, if, in his judgment, the name adopted too closely resembles the name of an existing corporation or company, or is likely to mislead the public.'

Sec. 4. R. S., c. 60, § 65, amended. Section 65 of chapter 60 of the revised statutes is hereby amended to read as follows:

'Sec. 65. Dividends; capital stock may be increased by amount of certificates of profits issued. ~~No~~ Any stock insurance company organized under the laws of this state, ~~shall~~ may declare cash dividends ~~exceeding in amount six per cent semi-annually~~ on their capital stock, ~~but~~ and any such company may issue, pro rata to its stockholders, certificates of such portion of its profits and income as the directors from time to time determine, not including therein any portion of the premium money of risks not terminated, and after providing for all expenses, losses and liabilities then incurred; and the capital stock of such company shall be increased by the amount of the certificates of stock so issued; and whenever any increase of capital stock is made by any insurance company under the preceding section, a certificate thereof shall be filed with the insurance commissioner, who shall certify to the amount of the capital stock of the company so increased, as provided in said section.'

Sec. 5. R. S., c. 60, § 84, amended. Section 84 of chapter 60 of the revised statutes is hereby amended to read as follows:

'Sec. 84. Examination of domestic companies; penalty for refusal. The insurance commissioner shall ~~annually~~ **biennially** examine or cause to be

examined every domestic ~~stock insurance and mutual life insurance company, and biennially, every domestic mutual fire insurance company,~~ in order to ascertain its ability to meet its engagements and do a safe insurance business; and shall make such other examinations as he regards necessary for the safety of the public or the holders of policies. He may require the officers to produce for examination all books and papers of the company, and to answer, on oath, all questions propounded to them in relation to its condition and affairs; and any officer who refuses to produce any such book or papers upon his demand, or to be sworn, or to answer any such questions, forfeits not more than \$200.'

Sec. 6. R. S., c. 63, § 88, amended. Section 88 of chapter 60 of the revised statutes is hereby amended to read as follows:

'Sec. 88. Capital stock may be reduced. Whenever, after setting aside an amount equal to 50% of the premiums in force or the actual unearned portions of such premiums for fire risks; and for marine risks, 50% of the amount of premiums written in its policies upon yearly risks and upon risks covering more than one passage not terminated, and the full amount of premiums written in policies upon all other marine risks not terminated; the net assets of any insurance company with a specific capital, do not amount to more than $\frac{3}{4}$ of its capital stock, the company shall by ~~assessing the stock~~ restore its capital to the legal amount. ~~Shares on which such assessment is not paid within sixty days after demand upon the owner thereof, shall be forfeited, and ordered by a vote of the directors to be sold at public auction, and seven days' notice of the sale shall be given in some daily or weekly paper published in the place where such company is located; and the proceeds of sale, after deducting expenses and the assessments due on such shares, shall be paid to the owner or his representatives,~~ provided, that whenever the capital stock of any insurance company is impaired as aforesaid, it may, by a majority vote of the stock, at a meeting of the stockholders legally called, reduce its capital by canceling its shares pro rata to the number thereof, or it may reduce the par value of its shares, or such company may thus reduce its capital stock ~~and also assess as hereinbefore provided;~~ but no such company shall reduce its capital stock, as aforesaid, more than 20% thereof, nor to a sum less than \$100,000.'

Sec. 7. R. S., c. 60, § 92, amended. Section 92 of chapter 60 of the revised statutes is hereby amended to read as follows:

'Sec. 92. Commissioner to preserve statements. The insurance commissioner shall preserve in proper form, the statement of the condition of every

company examined or caused to be examined by him, and all statements rendered to him as herein required, ~~and shall annually report to the governor and council, and at once publish the general condition of all insurance companies doing business in the state, and such suggestions as he thinks proper in connection therewith, and shall prepare and publish as aforesaid an abstract of all returns and statements made to him by such companies.~~

Sec. 8. R. S., c. 60, § 109, amended. Section 109 of chapter 60 of the revised statutes is hereby amended by adding at the end thereof the following:

‘When any deposits of stocks or other securities are required of any foreign insurance company and its agents the treasurer of state shall receive such deposits and hold the same on deposit and in trust for the benefit of all the policy holders in said company in the state. The insurance commissioner may in his discretion require any foreign insurance company doing business in this state to make such deposits of stocks or other securities as in his opinion is necessary for the protection of policy holders of said companies in this state.’

Sec. 9. R. S., c. 60, § 126, amended. The last sentence of section 126 of chapter 60 of the revised statutes as amended by chapter 185 of the public laws of 1933 is hereby further amended to read as follows:

‘Before receiving such license he shall execute and deliver to the treasurer of state a bond in the penal sum of \$1000 with such sureties as the insurance commissioner shall approve, with a condition that the licensee will faithfully comply with all the requirements of this section, and will file with the treasurer of state, in January of each year, a sworn statement of the gross premiums charged for insurance procured or placed and the gross returned premiums on such insurance canceled under such license during the year ending on the 31st day of December next preceding, and at the time of filing such statement will pay into the treasury of state a sum equal to ~~1 1/2%~~ 2% of such gross premiums, less such returned premiums as are reported.’

Sec. 10. R. S., c. 60, § 129, amended. Section 129 of chapter 60 of the revised statutes is hereby amended to read as follows:

‘Sec. 129. Adjusters of losses must be licensed; revocation of license. No insurance company transacting ~~fire~~ insurance business in this state shall permit any representative to adjust a loss until such representative has been licensed in accordance with the provisions of this section; but a license as an adjuster shall not be required of a duly licensed ~~fire~~ insurance

agent residing in this state **to adjust losses on his own risks.** The insurance commissioner may issue a license to any person to act as an adjuster of losses by fire upon receipt of an application in such form as may be required by him. **Such license shall continue until the 1st day of the next July. If any person adjusts or fraudulently assumes to be an adjuster, without first receiving such license, he shall be punished by a fine of not more than \$200, or by imprisonment for not more than 60 days for each offense.** Before issuing a license to any adjuster the insurance commissioner shall satisfy himself that the applicant is a suitable person to act as an adjuster. The insurance commissioner may at any time after the granting of such license, for cause shown, and after a hearing, determine that any person so licensed is unsuitable to act as an adjuster and shall thereupon revoke such license and shall notify the adjuster of such revocation.'

Sec. 11. R. S., c. 60, § 138, amended. Section 138 of chapter 60 of the revised statutes is hereby amended to read as follows:

'Sec. 138. Insured person not to accept rebates, special favor or inducement. No insured person, firm, or corporation shall knowingly receive or accept, directly or indirectly, any rebate of premium or part thereof, or agent's, solicitor's, or broker's commission thereon payable on any policy of ~~life, personal, accident or health~~ insurance, or any special favor or advantage in the dividend or other benefit to accrue thereon; nor shall any such person, firm, or corporation receive anything of value as inducement to such insurance or in connection therewith, which is not specified, promised, or provided for in the policy of insurance.'