

MAINE STATE LEGISLATURE

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

Legislative Document

No. 605

H. P. 1140

House of Representatives, February 17, 1943.

Referred to Committee on Mercantile Affairs and Insurance, sent up for concurrence and ordered printed.

HARVEY R. PEASE, Clerk.

Presented by Mr. Bowker of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FORTY-THREE

AN ACT Relating to Mutual Fire Insurance Companies.

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

Sec. 1. R. S., c. 60, § 34, amended. Section 34 of chapter 60 of the revised statutes is hereby amended to read as follows:

'Sec. 34. Indorsements on policies. Every such **mutual fire insurance** company, **domestic or foreign**, shall cause to be printed or written on the outside of every policy that it issues, under the number, name of the insured, and date of the expiration, the words, "Total liability to assessment," and the figures showing such liability.'

Sec. 2. R. S., c. 60, § 35, amended. Section 35 of chapter 60 of the revised statutes, as amended, is hereby further amended to read as follows:

'Sec. 35. Insured to be members. Every person insured by such **mutual fire insurance** company, **domestic or foreign**, or his legal representatives or assigns continuing to be insured therein, is a member of the company and subject to its by-laws, during the term of insurance specified in his policy.'

Sec. 3. R. S., c. 60, § 36, amended. The first paragraph of section 36 of chapter 60 of the revised statutes, as amended, is hereby further amended to read as follows :

'Sec. 36. Assessment 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 installments 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 a mutual **fire insurance** company, **domestic or foreign**, which collects a cash premium of not less than the tariff rate charged by stock companies 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 **fire** insurance company shall insure in 1 risk an amount exceeding 25% of its gross assets, including the amount at any time due on its premium notes. Any mutual **fire insurance** company, **domestic or foreign**, in place of the premium note required by law may provide in 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. **No mutual fire insurance company, domestic or foreign, shall write insurance in this state on any other basis than as prescribed in this section.'**