

# MAINE STATE LEGISLATURE

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NINETY - SECOND LEGISLATURE

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**Legislative Document**

**No. 1082**

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H. P. 1408

House of Representatives, March 30, 1945.

Reported by Mr. Dutton from the Committee on Mercantile Affairs and Insurance and laid on table to be printed under Joint Rules.

HARVEY R. PEASE, Clerk.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
FORTY-FIVE

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**AN ACT Amending the Insurance Laws.**

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**Emergency preamble.** Whereas, an annual excise tax is levied against insurance companies, both domestic and foreign, which do business within the state of Maine and which excise tax is assessed as of April 1 of each year on the gross direct premiums written by these companies during the calendar year immediately preceding the year in which the assessment is made; and

Whereas, the state of Maine now exacts an excise tax at the rate of 1% from domestic companies and 2% from foreign companies and there has arisen a serious question over the possibility of a discrimination between domestic and foreign companies. The amount received from excise taxes levied on domestic companies amounts to approximately \$14,000 and the amount of the excise tax received from foreign companies amounts to approximately \$800,000, it is hereby the considered opinion of this legislature that this discrimination should be eliminated before April 1, 1945; and

Whereas, in the judgment of the legislature these facts create an emergency within the meaning of section 16 of Article XXXI of the constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

**Sec. 1. R. S., c. 14, § 131, amended.** Section 131 of chapter 14 of the revised statutes is hereby amended to read as follows:

**'Sec. 131. Domestic insurance companies to be taxed on real estate, premiums, and annuity considerations.** Every life insurance company or association, organized under the laws of this state ~~in lieu of all other taxation, shall be taxed as follows: 1st, its real estate shall be taxed by the municipality in which such real estate is situated, in the same manner as other real estate is taxed therein, and~~ **annually on or before April 1, and it shall pay a tax of ~~1%~~ 2%** upon all gross direct premiums **written and assessments** including annuity considerations, whether in cash or notes absolutely payable, received from residents of this state during the year preceding the assessment, as hereinafter provided, first deducting therefrom all return premiums and all dividends paid to policyholders in this state on account of said premiums or considerations. Every other insurance company or association organized under the laws of this state, except those mentioned in section 137, including surety companies and companies engaged in the business of credit insurance or title insurance shall, as hereinafter provided, **annually on or before May 1** pay a tax of ~~1%~~ **2%** upon all gross direct premiums written whether in cash or in notes absolutely payable on contracts made in the state for fire, casualty, and other risks ~~less return premiums thereon and less all dividends paid to policyholders and less all premiums and assessments on policies of insurance issued on farm property.'~~

**Sec. 2. R. S., c. 14, § 133, amended.** Section 133 of chapter 14 of the revised statutes is hereby amended to read as follows:

**'Sec. 133. All insurance companies to pay tax on premiums and annuity considerations.** Every insurance company or association which does business or collects premiums or assessments including annuity considerations ~~in~~ **within** the state, except those mentioned in sections 131 and 137, including surety companies and companies engaged in the business of credit insurance or title insurance, shall ~~for the privilege of doing business in this state, and in addition to any other taxes imposed for such privilege, as hereinafter provided~~ **on or before May 1** annually pay a tax of **2%** upon all gross direct premiums **written and assessments** including annuity considerations whether in cash or otherwise **received**, on contracts written on risks located or resident in the state for insurance of life, annuity, fire casualty, and other risks ~~at the rate of 2% a year.'~~

**Sec. 3. R. S., c. 14, § 139, repealed.** Section 139 of chapter 14 of the revised statutes is hereby repealed.

**Sec. 4. R. S., c. 56, § 39, amended.** Section 39 of chapter 56 of the revised statutes is hereby amended to read as follows:

**'Sec. 39. Capital required of stock company; assets required of a mutual company; business authorized.** No foreign fire or marine insurance company shall be admitted to do business in the state unless it has a bona fide, paid-up, unimpaired capital, if a stock company, of at least \$200,000, well invested in or secured by real estate, bonds, stocks, or securities other than names alone; or if a mutual company, net cash assets to the amount aforesaid; or if a mutual company doing fire insurance only, that it possesses net cash assets of not less than \$50,000 and contingent assets of not less than \$300,000, or net cash assets of not less than \$75,000 with contingent assets of not less than \$150,000, or net cash assets equal to its total liabilities and contingent assets of not less than \$100,000, provided that such capital and assets, other than contingent, are well invested and immediately available for the payment of losses in this state, that it insures on any single hazard an amount no larger than 1/10 of its net assets ~~and that it has transacted business in its home state at least 5 years prior to date of applying for admission.~~ In addition to fire and marine insurance a stock or mutual company may be authorized to transact inland marine, tornado, and sprinkler insurance and insurance upon automobiles or damage caused thereby, also for loss of use and occupancy by fire or other cause. Mutual fire insurance companies incorporated under the laws of other states, which insure only factories or mills or property connected with such factories or mills, may be authorized to transact business in this state. No life, casualty, accident, health, liability, plate glass, steam-boiler, or fly-wheel, burglary, and theft, or sprinkler insurance company shall be admitted to do business ~~in~~ **within** the state unless it has a bona fide, paid-up, unimpaired capital, if a stock company, of at least \$100,000, well invested in or secured by real estate, bonds, stocks, or securities other than names alone; or if a mutual company, net cash assets to the amount aforesaid. After July 9, 1943 any foreign mutual fire insurance company admitted to do business in this state in accordance with the requirements of this chapter shall be allowed to write a non-assessable policy if its cash surplus to policyholders is kept and maintained in excess of \$200,000, as determined by the commissioner in accordance with the provisions of this chapter. If such a company, after qualifying to issue non-assessable policies, shall fail to maintain such a surplus it shall cease to issue a non-assessable policy until it has again met and maintained such a surplus for a period of 1 year.'

**Sec. 5. R. S., c. 56, § 45, repealed.** Section 45 of chapter 56 of the revised statutes is hereby repealed.

**Sec. 6. R. S., c. 56, § 272, repealed and replaced.** Section 272 of chapter 56 of the revised statutes is hereby repealed and the following enacted in place thereof:

**Sec. 272. Fees payable to commissioner.** Every insurance company, surety company, credit insurance company, title insurance company or fraternal beneficiary association authorized to do business within this state shall pay a registration fee of \$20, which fee shall be paid to the commissioner. Every registrant under the provisions of this section shall file an annual statement with the commissioner and shall pay the commissioner on filing the annual statement the sum of \$20. All said fees shall be used solely to defray administrative charges and salaries for examination required by law and for examining and auditing filed annual statements. Every insurance company shall also pay all traveling expenses incurred by order of the commissioner in making the examinations required by law.

The commissioner shall receive:

For each license issued to citizens of this state authorizing them to procure policies of fire insurance in foreign insurance companies not authorized to transact business in this state, \$20, payable annually.

For each license issued to a resident insurance broker, \$25, and to a non-resident broker, \$50.

For each license issued to a firm or corporation to act as insurance brokers, \$25 for each resident and \$50 for each non-resident named in the license.

For each license issued to a resident agent or any insurance company except a domestic mutual fire insurance company, or to a resident agent of any fraternal beneficiary association, foreign surety company, credit insurance or title insurance company and each renewal thereof, \$2, and for each non-resident agent of such company, \$10.

For each license issued to a firm or corporation to act as insurance agents, and each renewal thereof, \$2 for each resident, and \$10 for each non-resident, named in the license.

For each license issued to an adjuster of losses, \$2.

For each license issued to a manufacturer of lightning-rods, \$20; for each license issued to an agent of such manufacturer, \$2.

For approving organization of fraternal beneficiary association, \$5.

For receiving service of process against any foreign insurance company, foreign surety, credit insurance or title insurance company, or foreign fraternal beneficiary association, or against persons making reciprocal contracts of indemnity, \$2, which shall be paid by the plaintiff at the time of such service; and shall be recovered by him as a part of the taxable costs, if he prevails in the suit.

For investigating insurance frauds, \$10 a day, and his expenses, together with the fees of witnesses, to be taxed as in the supreme judicial court, which shall be paid by the company requesting the investigation, to the commissioner or magistrate appointed by him.'

**Emergency clause.** In view of the emergency cited in the preamble, this act shall take effect when approved.