

# MAINE STATE LEGISLATURE

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# NINETY - THIRD LEGISLATURE

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**Legislative Document**

**No. 48**

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H. P. 63

House of Representatives, January 15, 1947.

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.

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## STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
FORTY-SEVEN

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### **AN ACT Relating to Annual Excise Tax on Insurance Companies.**

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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, as amended by section 1 of chapter 118 of the public laws of 1945, is hereby further 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; 2nd ~~annually on or before April 1, and~~ it shall pay a tax of ~~2%~~ 1% 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 en-

gaged in the business of credit insurance or title insurance shall, as hereinafter provided, annually ~~on or before May 1~~ pay a tax of ~~2%~~ 1% 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, as amended by section 2 of chapter 118; and by section 8 of chapter 378; both of the public laws of 1945, is hereby further 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 ~~within~~ in 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 ~~on or before May 1~~, for the privilege of doing business in this state, and in addition to any other taxes imposed for such privilege, as hereinafter provided, 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, additional.** Section 139 of chapter 14 of the revised statutes, which was repealed by section 3 of chapter 118 of the public laws of 1945, is hereby replaced to read as follows:

**'Sec. 139. Ratio of tax on certain foreign insurance companies; return and assessment of tax.** Any insurance company incorporated by a state of the United States or province of the Dominion of Canada whose laws impose upon insurance companies chartered by this state any greater tax than is herein provided shall pay the same tax upon business done by it in this state, in place of the tax provided in any other section of this chapter; and the state tax assessor may require the return upon which such tax may be assessed to be made to him, and may assess such tax; and if it is not paid as provided in section 141, the insurance commissioner shall suspend the right of said company to do business in this state. Any insurance company incorporated by another country shall be regarded for the purposes of this section as though incorporated by the state where it has elected to make its deposit and establish its principal agency in the United States.'

**Sec. 4. R. S., c. 56, § 39, amended.** Section 39 of chapter 56 of the revised statutes, as amended by section 4 of chapter 118 of the public laws of 1945, is hereby further 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 **and** that it insures on any single hazard an amount no larger than 1/10 of its net assets. 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 ~~within~~ **in** 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, additional.** Section 45 of chapter 56 of

the revised statutes, which was repealed by section 5 of chapter 118 of the public laws of 1945, is hereby replaced to read as follows:

**'Sec. 45. Reciprocal provisions as to foreign companies.** When by the laws of any other state of the United States or Province of the Dominion of Canada, any fines, penalties, licenses, fees or deposits in excess of those imposed by the laws of the state upon foreign insurance companies and their agents are imposed on insurance companies of this state and their agents, the same fines, licenses, fees or deposits shall be imposed upon all insurance companies of such state of the United States or Province of the Dominion of Canada and their agents doing business in or applying for admission to this state. All insurance companies incorporated by another country shall be regarded for the purposes of this section as though incorporated in the state where they have elected to make their deposit and establish their principal agency in the United States.'

**Sec. 6. R. S., c. 56, § 272, repealed and replaced.** Section 272 of chapter 56 of the revised statutes, as repealed and replaced by section 6 of chapter 118 and amended by section 58 of chapter 378, both of the public laws of 1945, is hereby repealed and replaced to read as follows:

**'Sec. 272. Fees payable to commissioner.** The commissioner shall receive:

For each license issued to a foreign insurance company, or foreign surety company, or credit insurance or title insurance company, or to a foreign fraternal beneficiary association to do business in this state, and for each renewal thereof, a fee of \$30. For each certificate of qualification of a domestic insurance company to act under its charter and for each annual renewal thereof, a fee of \$30, except that domestic fire insurance companies writing on the assessment plan only are exempt from this requirement. For certificate of authority to make reciprocal contracts of indemnity under the provisions of sections 210 to 217, inclusive, and every renewal thereof, a fee of \$30. For each annual statement filed by any insurance company, domestic or foreign, a fee of \$30, except that domestic mutual fire insurance companies writing on the assessment plan only are exempt from this requirement. All said fees shall be used solely to defray administrative charges and salaries for examinations required by law, for examining and auditing filed annual statements, and for the carrying out of any rate regulation imposed by the laws of this state. Every insurance company shall also pay all traveling expenses incurred by order of the commissioner in making the examination required by law.

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 of 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.