

MAINE STATE LEGISLATURE

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NEW DRAFT OF H. P. 1513—L. D. 1119

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

Legislative Document

No. 1298

H. P. 1754

House of Representatives, April 18, 1951.

Reported by Mr. Davis from the Committee on Business Legislation and printed under Joint Rules No. 10.

HARVEY R. PEASE, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FIFTY-ONE

AN ACT Relating to Change of Purposes of Domestic Mutual Insurance Companies.

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

Sec. 1. R. S., c. 56, § 25-C, additional. Chapter 56 of the revised statutes is hereby amended by adding thereto a new section to be numbered 25-C, to read as follows:

‘Sec. 25-C. Change of purposes. Any mutual insurance company organized for one or more of the purposes set forth in section 25 of this chapter may at an annual meeting, or at a special meeting the call for which shall give notice of the proposed action, change its purposes by altering or abridging the same or by enlarging the same to include one or more of the purposes set forth in section 25, except subsections III, all of IV, excepting that portion which permits the writing of automobile medical payment coverages, VI, VII, IX, X, XIV, and the 2nd and 4th paragraphs of subsection XV, or make any other change or alteration in its certificate of organization as originally filed or subsequently amended that may be desired, provided such change or alteration is not otherwise specifically provided for and would be proper to insert in an original certificate of organization. A certificate of such changes shall be submitted to the insurance commissioner, who, if it appears that the provisions hereinafter

recited have been complied with shall certify that fact and his approval of the certificate by endorsement thereon. Such certificate shall thereupon be filed with the secretary of state together with a fee in the sum of \$20 for the use of the state, whereupon the secretary shall cause the same with his endorsement thereon to be recorded and shall issue a certificate as provided in section 33. Any such mutual company which changes its purposes to include the writing of any class or kind of insurance other than fire, marine or glass shall have a guaranty capital of not less than \$100,000 divided into shares of \$100 each, and no policy shall be issued until $\frac{1}{4}$ at least of its guaranty capital has been paid in, in cash, and invested as provided in section 63. If a company operating under the provisions of this section fails to comply with a request of the insurance commissioner to increase its paid in guaranty capital it shall cease to write any class or kind of insurance other than fire, marine or glass until such time as the commissioner's request has been complied with. The holders of certificates of such guaranty capital shall not receive dividends in excess of 7% in any 1 year and in no case unless such dividends are properly earned after providing for all expenses, losses, reserves and liabilities then incurred. The holders of certificates of guaranty capital shall have the same voting rights as policyholders. Said guaranty capital may be retired by vote of the policyholders when the surplus funds of the company over and above all liabilities including guaranty capital, shall equal or exceed the amount of such guaranty capital. Provided that the net retention of liability on any one risk written by any company operating under the provisions of this section shall not exceed 5% of its policyholders surplus.'

Sec. 2. R. S., c. 56, § 27, amended. Section 27 of chapter 56 of the revised statutes is hereby amended by adding after the 1st sentence thereof a new sentence, to read as follows:

'The remainder of the guaranty capital shall be paid in and invested as provided in section 63, in such amounts and at such times as in the opinion of the insurance commissioner is necessary for the adequate protection of the policyholders.'