

MAINE STATE LEGISLATURE

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ACTS AND RESOLVES

OF THE

SEVENTY-SIXTH LEGISLATURE

OF THE

STATE OF MAINE

1913

Including Acts and Resolves of the Special Session held
in 1912.

Published by the Secretary of State, agreeably to Resolves of
June 28, 1820, February 18, 1840, and March 16, 1842.

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PUBLIC LAWS

OF THE

STATE OF MAINE

As Passed by the Seventy-Sixth
Legislature

1913

CHAP. 121

Chapter 121.

An Act Relating to the Incorporation and Admission of Assessment Casualty Insurance Companies and Conditions Relating to Such Companies.

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

Section 123 of chap. 49, R. S., amended.

Formation of corporation to carry on casualty insurance on assessment plan.

—dividend may be paid.

—guaranty fund, how invested.

—when fund may be drawn on.

—when guaranty fund may be retired.

—proviso.

Section I. Section one hundred twenty-three of chapter forty-nine of the revised statutes is hereby amended to read as follows :

Section 123. Seven or more persons, citizens of this state, may form a corporation to carry on the business of casualty insurance on the assessment plan. Such corporations shall be organized, and the proceedings thereunder shall conform to sections one, two, and three of chapter fifty-seven ; but no such corporation shall begin to do business until at least five hundred persons have subscribed, in writing, to be insured therein, and have each paid in one full disability assessment ; nor until it shall have established a guaranty fund or capital of not less than ten thousand dollars, which may be divided into shares of not less than one hundred dollars and certificates issued therefor. A dividend not exceeding seven per cent in any one calendar year may be paid from the net earnings of the company after providing for all expenses, losses, reserves and liabilities then incurred. Such guaranty fund or capital shall be invested as provided in section eleven of chapter forty-nine, of the revised statutes, and shall be deposited with the state treasurer.

When the cash and other available assets of the company are exhausted such part of said fund as may be required shall, with the approval of the insurance commissioner, be drawn and used to pay losses then due. When such fund is so drawn upon the directors shall make good the amount so drawn, either from the receipts of the company or by assessments upon the contingent funds of the company and unless such fund is restored within six months from date of withdrawal the share holders shall be assessed in proportion to the amount of stock owned by them for the purpose of restoring said capital. Share holders and members of such companies shall be subject to the same provisions of law relative to their right to vote as apply respectively to share holders in stock companies and policy holders in purely mutual companies. Said guaranty fund or capital may be retired when the surplus funds of the company over and above all liabilities, including guaranty capital, shall equal or exceed the amount of such guaranty fund or capital by vote of the policy holders or any part of said guaranty fund or capital may be retired ; provided, that the amount of net surplus

and guaranty fund or capital shall not be less than ten thousand dollars. Said guaranty fund or capital shall be retired when the net cash assets of the company equal twice the amount of guaranty fund or capital. Such corporation shall not begin business until it has filed with the insurance commissioner a certified copy of the record of its organization and by-laws, which has been approved by him; nor until the insurance commissioner has certified that it has complied with the provisions of this chapter relating to insurance on the assessment plan and is authorized to transact business. No organization under the provisions of this section shall continue valid more than one year unless the organization has been completed and business begun thereunder. When such company has established a guaranty fund or capital as provided herein and has complied with the other requirements of the laws of this state, it shall be authorized by the insurance commissioner to write business and such company may charge and collect a premium in cash and by its by-laws and policies fix the contingent mutual liability of its members for the payment of losses and expenses not provided for by its cash funds; but such contingent liability of a member shall not be less than an amount equal to and in addition to the cash premium written in his policy. The total amount of the liability of the policy holder shall be plainly and legibly stated upon the filing back of each policy. Whenever any reduction is made in the contingent liability of members such reduction shall apply proportionally to all policies in force.'

Section 2. Section one hundred and twenty-seven of chapter forty-nine of the revised statutes is hereby amended by adding the following clause: 'No company of another state transacting casualty insurance on the assessment plan shall be authorized after this act goes into effect unless such company shall have a guaranty fund or capital or net cash assets equal to the amount required of domestic companies hereafter incorporated.'

Approved March 25, 1913.

Chapter 122.

An Act to Amend Section Fifteen of Chapter Fifteen of the Revised Statutes, as Amended, Relating to the Approval of School Accounts.

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

Section fifteen of chapter fifteen of the revised statutes, as amended by chapter forty-eight of the public laws of nineteen hundred and five, is hereby further amended by inserting after

CHAP. 122

—when guaranty fund shall be retired.

—organization not valid more than one year unless business is begun.

—when company may write business.

—liability of stockholder shall be stated on each policy.

Section 127 of chap. 49. R. S., amended.

—foreign companies shall have same cash assets, etc., as domestic companies.

Section 15 of chap. 15, R. S., as amended by chap. 48 of P. L. of 1905, further amended.