

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SECOND LEGISLATURE

Legislative Document

No. 1176

H. P. 851

House of Representatives, February 10, 1965

Referred to Committee on State Government. Sent up for concurrence and ordered printed.

JEROME G. PLANTE, Clerk

Presented by Mr. Benson of Southwest Harbor and Mr. Jordan of Lincoln.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-FIVE

AN ACT Establishing the Maine Insurance Advisory Board and Reserve Fund for Uninsured Losses.

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

R. S., T. 5, c. 151, sub-c. II, additional. Chapter 151 of Title 5 of the Revised Statutes is amended by adding a new subchapter II to read as follows:

‘SUBCHAPTER II

RESERVE FUND FOR UNINSURED LOSSES

§ 1711. The Maine Insurance Advisory Board

The Maine Insurance Advisory Board is created, whose duty it shall be to administer this subchapter, and which, hereinafter in this subchapter, shall be referred to as the “board.”

The board shall be bipartisan and composed of 9 members who shall be appointed by the Governor, with the advice and consent of the Council, as follows:

3 members shall be licensed resident property and casualty insurance agents, 3 members shall be resident representatives of property and casualty insurance companies, other than licensed resident property and casualty insurance agents, whose insurance companies are licensed to transact business in the State, and 3 members shall be residents of the State, other than licensed resident property and casualty insurance agents or resident representatives of property and casualty insurance companies licensed to transact business in the State. Of each of the 3 groups represented on the board, one member shall be appointed for a term of one year, one for a term of 2 years and one for a term of 3 years, and there-

after, for terms of 3 years each, and until their successors are duly appointed and qualified. No insurance policy or bond issued to the State shall be placed with any member of the board, his firm or employer during his membership on the board.

§ 1712. Organization; meetings; compensation

The board shall be an organization for purposes of the license requirements of Title 24, section 2506. The board shall be licensed as a resident organization broker by the Insurance Commissioner restricted to the insurance transactions of the State of Maine. The secretary of the board shall be licensed as a resident broker under the broker's license issued to the board and shall be the individual authorized to transact business on behalf of the board. The broker's license issued to the secretary of the board shall be restricted to the transaction of insurance business by him on behalf of the board for the State.

The board shall hold at least one meeting each month. Special meetings shall be held at such times as rules and regulations shall provide.

The members of the board shall receive as compensation for their services \$15 a day for the time actually spent in the discharge of their duties, and shall be reimbursed for necessary expenses incurred in the discharge of their duties at the same rates as would apply to employees of the State of Maine. Compensation for services and reimbursement for expenses shall be certified by the secretary of the board.

Five members of the board shall constitute a quorum of the board. The board shall annually elect a chairman and a secretary. The secretary may or may not be a member of the board and he shall receive an annual salary to be fixed by the board, which shall be in lieu of a per diem compensation. The secretary shall be paid his necessary expenses incurred in the discharge of his official duties, including but not limited to clerical and stenographical assistance, printing and postage. Such salary and allowance for expenses shall be certified by the chairman of the board.

§ 1713. Powers and duties

The board shall act as the insurance broker for the State of Maine in the fire and allied lines, casualty, marine, surety and fidelity fields with the following duties:

1. State experience. Review annually the entire subject of insurance in the aforementioned lines and fields of insurance as they apply to all state activities, and report its findings to the Governor and Council.
2. Recommendations. Recommend to the Governor and Council types and limits of coverage, and methods of protection for all state activities for the following year.
3. Placement. Place such insurance, as may be authorized by the Governor with the advice and consent of the Council, by negotiating with licensed State of Maine agent or agents on a brokerage fee basis, to effect the best possible contracts as to services, coverages, and costs.

4. Schedules of state property. Work closely with the selected agent or agents in compiling schedules of values of property or selecting limits of protection in which the State of Maine has an insurable or legal interest.

5. Loss prevention practices. Institute and supervise, in cooperation with the selected insurance agent or agents and companies, sound safety engineering and loss prevention practices.

6. Reserve Fund for uninsured losses; administer the Reserve Fund for uninsured losses. The board shall, in accordance with the spirit and intent of the law, make such rules and regulations as may be desirable or necessary for the performance of its duties and for carrying out the purposes of this subchapter.

§ 1714. Removal of members; vacancies

The Governor with the advice and consent of the Council may remove any member of the board for misconduct, incompetency, neglect of duty or for any other sufficient cause.

The Governor with the advice and consent of the Council shall by appointment fill any vacancies in the membership of the board for the unexpired term.

§ 1715. Records; audit

The board shall keep a record of all its proceedings and of all receipts and expenditures of the board, attested by affidavits of its chairman and secretary.

The board shall have an audit made of its accounts annually covering the last complete fiscal year by the Department of Audit.

§ 1716. Reports

The board shall annually make a report to the Governor and Council of its activities during the year ending the preceding June 30th. The report shall include:

1. Coverage. An evaluation of the State insurance program in terms of adequacy and reasonableness of coverage.

2. Costs. A complete statement of the costs of said program enumerating lines of coverage.

3. Effectiveness. An evaluation of the effectiveness of each portion of the program involving deductibles.

4. Agents of record. Name or names of agent or agents of record.

5. Other matters. Such other matters as the board determines to be appropriate and necessary.

Each such report shall become a public record.

§ 1717. Brokerage fees

The brokerage fees earned by the board shall be used to defray all necessary expenses incurred by the board, its members or employees, in the discharge of their duties under this subchapter.

If any brokerage fees remain, they shall be used in such amounts as may be determined by the board for scholarships in institutions for higher learning or vocational schools located in the State of Maine for residents of Maine selected by the board; or fire prevention, highway safety or such other public safety programs as the board may deem beneficial to the residents of Maine.

§ 1718. Reserve Fund for Uninsured Losses

A Reserve Fund for Uninsured Losses to provide a reserve for uninsured losses as a result of deductible insurance coverages under a state fire insurance program is created which shall, hereinafter in this subchapter, be called the "fund".

§ 1719. Payments; amount

Payments to the fund shall come from the biennial appropriations for full coverage fire premiums and shall be in an amount equal to the difference between the full coverage fire premium appropriated for the biennium and a fire insurance deductible coverage plan for the biennium recommended by the Maine Insurance Advisory Board and approved by the Governor with the advice and consent of the Council.

§ 1720. Fund limitations

The fund shall not exceed 15 times the then current deductible amount and shall be limited to a total amount of \$250,000.

§ 1721. Administration; uninsured losses

The fund shall be administered by the Maine Insurance Advisory Board subject to the approval of the Governor and Council. The fund shall be used only for the payment of uninsured losses as a result of deductible insurance coverages under the state fire insurance program.

§ 1722. Size of deductible

The Maine Insurance Advisory Board may increase, subject to the approval of the Governor and Council, the size of the then current deductible amount not to exceed \$25,000 for any one occurrence.

§ 1723. Deposit

The fund shall be deposited by the Treasurer of the State of Maine at the direction of the Governor and Council in any bank or public depository in which general funds of the State may be deposited. All interest earned shall become part of the fund.'