

MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION
NEW DRAFT OF H. P. 1236, L. D. 1731
(New Title)

ONE HUNDRED AND SECOND LEGISLATURE

Legislative Document

No. 1793

H. P. 1288

House of Representatives, January 21, 1966

Reported by Mr. Libhart from Committee on State Government. Printed under Joint Rules No. 10.

JEROME G. PLANTE, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-SIX

**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:

Sec. 1. 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 provide advice under this subchapter, and which, hereinafter in this subchapter, shall be referred to as the “board.”

The board shall be composed of 5 members, residents of the State, who shall be appointed by the Governor, as follows: 3 members shall be selected from the public other than representatives of the insurance industry and 2 members shall be selected from representatives of the insurance industry. The initial appointments shall be 2 members for terms of one year each, 2 members for terms of 2 years each, one member for a term of 3 years, and until their successors are duly appointed and qualified. Appointment thereafter shall be 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. Meetings; compensation

The board shall meet at the call of the chairman or at the request of 2 or more members but not less than 4 times per year. Special meetings shall be held at such times as rules and regulations shall provide. Three members of the board shall constitute a quorum of the board. The board shall annually elect a chairman.

The members of the board shall receive as compensation for their services \$20 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, subject to appropriations made.

§ 1713. Personnel; selection; duties

The Commissioner of Finance and Administration shall employ an executive secretary who has a comprehensive knowledge of insurance practices and principles and who shall administer the duties imposed by this subchapter, with the advice of the board. The executive secretary shall be an employee of the State and his duties and compensation shall be subject to the Personnel Law.

The executive secretary shall assist the board in the discharge of its duties and assist in the preparation of the invitations for bids as authorized by section 1701.

§ 1714. Powers and duties of the board

The board shall provide insurance advice 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 with companies or agents licensed to do business in the State of Maine to effect the best possible contracts as to services, coverages and costs; such placement customarily shall be made by competitive bidding except that the board may in exceptional circumstances place insurance by negotiation.

The Treasurer of State shall announce the low bid at a council meeting advertised for the opening of bids which, when approved by the Governor, shall constitute an award of a contract of insurance.

4. Schedules of state property. Review schedules of values of property in which the State of Maine has an insurable or legal interest and recommend limits of protection for such property.

5. Loss prevention practices. Recommend sound safety engineering and loss prevention practices.

6. Rules and regulations. 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.

§ 1715. Removal of members; vacancies

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

The Governor shall by appointment fill any vacancies in the membership of the board for the unexpired term.

§ 1716. Records; audit

The board shall keep a record of all its proceedings 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.

§ 1717. Reports

The board shall annually make a report to the Governor 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, as provided to them by the Commissioner of Finance and Administration.

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, within the limitations of the appropriation provided therein.

Each such report shall become a public record.

§ 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 and savings resulting from competitive bidding 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 and added to any reduction in premium resulting from open competitive bidding.

§ 1720. **Fund limitations**

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

§ 1721. **Administration; uninsured losses**

The fund shall be administered by the Commissioner of Finance and Administration subject to the approval of the Governor. The fund shall be a continuing fund and shall not lapse and 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 Governor may increase 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 State at the direction of the Governor 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.'

Sec. 2. Appropriation. There is appropriated from the General Fund to the Maine Insurance Advisory Board the sum of \$23,155 for the fiscal year ending June 30, 1967 to carry out the purposes of this Act. The breakdown of expenditure shall be as follows:

	1966-67
MAINE INSURANCE ADVISORY BOARD	
Personal Services	(3) \$16,025
All Other	7,130
Capital Expenditures	—
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	\$23,155