

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

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**Legislative Document**

**No. 1497**

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H. P. 1228

House of Representatives, March 26, 1971

Referred to Committee on Business Legislation. Sent up for concurrence and ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mr. Scott of Wilton.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-ONE

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**AN ACT to Create a Commission to Prepare a Revision of the Insurance  
Laws Relating to Delinquent Insurers.**

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

**Sec. 1. Commission; duties.** A special commission shall be constituted and appointed to supervise the preparation, in final legislative draft form, of proposed changes to the Maine Insurance Code dealing with delinquent insurers, the Revised Statutes, Title 24-A, chapter 57, such proposed revisions to be presented to the regular session of the 106th Maine Legislature. Such proposed revisions shall include all such changes and redrafts as are deemed appropriate by such commission pertaining to the laws relating to delinquent insurers, including, without limitation, revisions to any other sections of Title 24 and Title 24-A of the Revised Statutes, and of any other titles, pertinent to providing adequate and comprehensive laws relating to insolvent and delinquent insurers. Such revisions may, without limitation, incorporate such necessary repealers, amendments and modifications of existing laws as, in the judgment of such commission, may be deemed necessary and appropriate to accomplish such purposes, and may also include proposals for legislative enactments relating to other corporations affiliated, by stock ownership or otherwise, and whether as a holding company, subsidiary or affiliate, of any delinquent or insolvent insurer. Such revisions may include such new or modified provisions as, in the judgment of the commission, will best serve the interests of the people of the State, and of policyholders and creditors of delinquent insurers, and the commission may give due consideration to the insurance laws of other states, and the requirements for enforcement thereof and for the regulatory and administrative requirements of the Maine Insurance Department. Such commission shall employ a chief counsel, and, subject

to his recommendations, such additional counsel as may be required, to perform the necessary research and drafting of such code, the chief counsel to meet the requirements as set forth herein. Such commission shall hold such public hearings as may be deemed necessary to acquaint insurers, and persons interested in the business of insurance, or the regulations thereof, with its proposals and recommendations, and the commission shall have full access to all of the records of the Maine Insurance Department for the purposes of its investigations. It is the purpose and intent hereof to provide such commission with sufficient authority and funds to enable it to carry out the foregoing purposes.

**Sec. 2. Membership.** The membership of the commission shall be constituted and appointed as follows: One member shall be a member of the Senate in the 105th Maine Legislature, to be appointed by the President of the Senate; 2 members shall be members of the House of Representatives in the 105th Maine Legislature, to be appointed by the Speaker of the House, and 2 additional members shall be appointed by the Governor, with the advice and consent of the Executive Council. In considering such appointments, the Governor shall obtain the recommendations of all segments of the insurance industry.

The Insurance Commissioner and the Attorney General shall serve on the commission in an advisory capacity only. Each member shall serve until the commission shall have completed its work, or until his prior death or resignation. In the event of the death or resignation of any member, his place shall be filled, upon written notice thereof from the commission, by the then President of the Senate, Speaker of the House, or Governor, as the case may be, in the same manner as with respect to the original appointment.

**Sec. 3. Meetings.** The said commission shall be appointed promptly upon enactment hereof, and the Governor shall notify all members of the time and place of the first meeting. At the time the commission shall organize, elect a chairman, vice-chairman, and secretary-treasurer, adopt rules as to the administration of the commission and its affairs, which rules shall require a minimum of 30 days' notice of any public hearing to consider one or more aspects of the laws or prospective laws to be considered by the commission and which rules shall require that all proposals shall be transmitted to each participant in the business of insurance which shall have recorded its desire to receive and willingness to pay for the costs of printing and mailing same, and thereafter shall meet as often as necessary until its work is completed. In all matters as to which there is disagreement, a majority vote shall prevail, and a quorum shall consist of at least 3 members. The commission shall maintain minutes of its meetings and such financial records as may be required by the State Auditor.

**Sec. 4. Chief counsel.** The commission shall contract a chief counsel, who shall have the responsibility for legal research and drafting required in connection with the preparation of the proposed revisions to the Insurance Code, under the direction and supervision of the commission. No person shall be employed as chief counsel who shall not, by virtue of prior training, experience, ability and reputation have clearly demonstrated the ability to perform

the tasks to be assigned to him by the commission, and the commission shall, so far as practicable, employ a person as its chief counsel who has had prior experience in legislative drafting and with the administration of insolvency proceedings against insurers, after due consideration of his references, past performance and work, and ability to perform the job to be assigned pursuant to this Act.

**Sec. 5. Reimbursement of expenses.** The members of the commission shall serve without compensation, but may be reimbursed for their reasonable expenses in attending meetings, procuring supplies, clerical services, correspondence and other related and necessary expenditures.

**Sec. 6. Appropriation.** There is appropriated from the Unappropriated Surplus of the General Fund the sum of \$25,000 for the fiscal year ending June 30, 1972, to carry out the purposes of this Act. Any unexpended balances shall not lapse but shall remain a continuing carrying account until June 30, 1973.

#### STATEMENT OF FACT

The insolvency of Maine Insurance Company, as determined by the Cumberland County Superior Court on January 14, 1971, and the resulting receivership proceedings against that company, have demonstrated to the Maine Insurance Commissioner, acting as receiver, that there are serious inadequacies in the provisions of the Revised Statutes of Maine dealing with delinquent insurers. It is the purpose of this bill to provide for the creation of a study commission to review such laws and prepare revisions thereof for presentation to the 106th Maine Legislature.