

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

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Legislative Document

No. 229

H. P. 189

House of Representatives, January 17, 1973

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

E. LOUISE LINCOLN, Clerk

Presented by Mr. O'Brien of Portland.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-THREE

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**AN ACT** Relating to Risk Sharing Plans in the Field of Property Insurance.

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

**Sec. 1. R. S., T. 24-A, § 2325-A, additional.** Title 24-A of the Revised Statutes, as enacted by section 1 of chapter 132 of the public laws of 1969, is amended by adding a new section 2325-A, to read as follows:

**§ 2325-A. Risk Sharing Plans**

1. Establishment of plans. If the Insurance Commissioner finds after a hearing that, in any part of this State, property insurance is not readily available in the voluntary market and that public interest requires such availability, he may, by regulation, either promulgate plans to provide such insurance coverage for any risks in this State which are equitably entitled to but otherwise unable to obtain such coverage or he may call upon industry to prepare plans for his approval.

2. Purposes and contents of risk sharing plans. Any plan promulgated or prepared as provided in subsection 1 shall:

**A. Give consideration to:**

- (1) The need for adequate and readily accessible coverage;
- (2) Alternative methods of improving the market affected;
- (3) The inherent limitations of the insurance mechanism;
- (4) The need for reasonable underwriting standards; and
- (5) The requirement of reasonable loss prevention measures;

B. Establish procedures that will create minimum interference with the voluntary market;

C. Spread the burden imposed by the plan equitably and efficiently within the industry; and

D. Establish procedures for applicants and participants to have grievances reviewed by an impartial body.

3. Persons required to participate. Each plan shall require participation by all insurers doing any business in this State of the kinds covered by the specific plan and all agents licensed to represent such insurers doing any business in this State of the types covered by the specific plan and all agents licensed to represent such insurers in this State for the specified types of business, except that the Insurance Commissioner may exclude classes of persons for administrative convenience or because it is not equitable or practicable to require them to participate in the plan.

4. Voluntary participation. The plan may provide for optional participation by insurers not required to participate as provided in subsection 3.

5. Classifications and rates. Each plan shall provide for the methods of classifying risks and making and filing rates applicable thereto.

6. Basis of participation. The plan shall specify the basis of participation of insurers and agents and the conditions under which risks must be accepted.

7. Duty to provide service. Every participating insurer and agent shall provide to any person seeking coverages of kinds available in the plans the services prescribed in the plans, including full information on the requirements and procedures for obtaining coverage under the plans whenever the business is not placed in the voluntary market.

8. Commissions. The Insurance Commissioner shall determine reasonable and adequate commission rates to be paid to agents or brokers for coverage written under this section. In determining the reasonableness and adequacy of such commission rates the Insurance Commissioner shall consider the commission rates paid on similar coverage in the normal market.

9. Provision of marketing facilities. If the Insurance Commissioner finds that the lack of cooperating insurers or agents in an area makes the functioning of the plan difficult, he may order that the plan appoint agents in such a manner and on such terms as he designates or take other appropriate steps to insure that service is available.

10. Voluntary risk sharing plans. Insurers doing business within this State are authorized to prepare voluntary plans providing any specified kind, line or class of insurance coverage or subdivision or combination thereof for all or any part of this State in which such insurance is not readily available in the voluntary market and in which the public interest requires the availability of such coverage. Such plans shall be submitted to the Insurance Commissioner and, if approved by him, may be put into operation.

STATEMENT OF FACT

The purpose of this bill is to provide a program of risk sharing to insure poor risks in the field of property insurance.