

MAINE STATE LEGISLATURE

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(EMERGENCY)

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 1560

S. P. 453

In Senate, April 7, 1975

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

HARRY N. STARBRANCH, Secretary

Presented by Senator Graffam of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

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

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the purpose of this bill is to continue a commission to prepare a revision of the insurance laws relating to insolvent or delinquent insurers and to present said revision to the regular session of the 108th Maine Legislature; and

Whereas, the commission must continue the performance of its duties immediately if it is to complete the revision in time; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. Commission to Prepare a Revision of the Insurance Laws. The Commission to Prepare a Revision of the Insurance Laws Relating to Insolvent or Delinquent Insurers shall be continued.

Sec. 2. Commission; duties. The special commission shall be reconstituted and appointed to supervise the preparation, in final legislative draft form, of proposed changes or additions to provisions of the Maine Insurance Code dealing with insolvent or delinquent insurers, such proposed revisions

to be presented to the regular session of the 108th Maine Legislature. Such proposed revisions shall include all such changes, additions and redrafts as are deemed appropriate by such commission pertaining to the laws relating to delinquent or insolvent insurers, including, without limitation, revisions to sections of the Revised Statutes, Title 24-A, chapter 57, and revisions to any other sections of the Revised Statutes, Title 24 and Title 24-A and of any other Titles, pertinent to providing adequate and comprehensive laws relating to delinquent or insolvent insurers. Such revisions may, without limitation, incorporate such necessary repealers, amendments, additions and modifications of existing laws as, in the judgment of such commission, may be deemed necessary and appropriate to accomplish such purposes, and may include proposals for legislative enactments relating to insurance guaranty associations pertaining to various kinds of insurance and insurers, whether now existing or hereafter created, 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 of Maine and of policyholders and creditors of delinquent insurers domiciled or transacting business in this State, and the commission may give due consideration to the insurance laws of other states and requirements for enforcement thereof, and to the appropriate regulatory and administrative requirements of the Bureau of Insurance. Such commission will hold such public hearings as may be deemed necessary or appropriate to acquaint insurers, and all other persons interested in the business of insurance or the regulation thereof, with its proposals and recommendations, and the commission shall have full access to all of the records of the Bureau of Insurance for the purposes of its investigations. It is the purpose and intent of this Act to provide such commission with sufficient authority and funds to enable it to carry out the foregoing purposes.

Sec. 3. Membership. The membership of the commission shall be constituted and appointed as follows: One member shall be a Member of the Senate in the 107th Maine Legislature, to be appointed by the President of the Senate; 2 members shall be Members of the House of Representatives in the 107th 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. The Superintendent of Insurance 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 the original appointment.

Sec. 4. 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 that 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. 5. Contractual services. The commission shall hire on a contractual basis the necessary qualified persons who shall have the responsibility for financial review and 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. Persons, whose services are contracted for, shall, by virtue of prior training, experience, ability and reputation, have clearly demonstrated the ability to perform the tasks to be assigned to them by the commission.

Sec. 6. 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. 7. P&SL 1973, c. 125, § 6, last sentence, is amended to read:

Any unexpended balances shall not lapse, but shall remain a continuing carrying account until June 30, ~~1975~~ 1977.

Sec. 8. Intent. It is the intent of the Legislature that the purposes established under private and special law, 1973, chapter 125 be continued under this Act and that any unexpended balances created under that chapter shall not lapse but shall remain in a continuing carrying account until June 30, 1977 to be expended for the purposes of this Act.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

STATEMENT OF FACT

The insolvency of Maine Insurance Company, as determined by the Superior Court, Cumberland County, on January 14, 1971, and the resulting receivership proceedings against that company, together with other recent developments in other states pertaining to delinquent or insolvent insurers, have demonstrated to the Superintendent of Insurance that there are serious inadequacies in the provisions of the Revised Statutes of Maine dealing with delinquent or insolvent insurers and holding companies and laws relating to the Maine Insurance Guaranty Association. Recent developments have also demonstrated the need for a Life and Health Guaranty Association Law. It

is the purpose of this bill to provide for the continuation of the stury commission created originally by the 106th Maine Legislature. Studies are now underway and it is respectfully urged that as many of the current members of this commission as can, be retained in their positions by the Governor, the President of the Senate and the Speaker of the House in considering their appointments.