

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 840

S. P. 280

In Senate, March 1, 1979

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

Presented by Senator Najarian of Cumberland.

MAY M. ROSS, Secretary of the Senate

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT Concerning Certificates of Contribution under the Maine Insurance Code.

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

24-A MRSA § 4438, sub-§ 1, ¶I is enacted to read:

I. Establish procedures whereby the association shall:

(1) Issue to each insurer paying an assessment under this section, a certificate of contribution, in appropriate forms and terms as prescribed by the commissioner, for the amount so paid. All outstanding certificates shall be of equal dignity and priority without reference to amounts or dates of issue;

(2) A certificate of contribution shall be shown by the insurer in its financial statements as an admitted asset for such amount and period of time as the commissioner may approve, provided, that unless a longer period has been allowed by the commissioner, the insurer shall in any event at his option have the right to so show a certificate of contribution as an admitted asset at percentages of original face amount for calendar years as follows:

100% for the calendar year of issuance;

80% for the first calendar year after the year of issuance;

60% for the 2nd calendar year after the year of issuance;

40% for the 3rd calendar year after the year of issuance; and

20% for the 4th calendar year after the year of issuance which shall be the last year each certificate shall be carried as an asset;

(3) The insurer shall offset the amount written off by it in a calendar year under subparagraph (2) against its premium tax liability to this State accrued with respect to business transacted in that year; and

(4) Any sums recovered by the association, representing sums which have theretofore been written off by contributing insurers and offset against premium taxes as provided in subparagraph (3), shall be paid by the association to the director of revenue who shall handle these funds.

STATEMENT OF FACT

This bill allows insurers to recoup their contributions from their premium tax.