

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1780

H. P. 1673

House of Representatives, January 9, 1980

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

EDWIN H. PERT, Clerk of the House

Presented by Mr. Dow of West Gardiner.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

AN ACT Mandating Risk-sharing Among Property Insurers.

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

24-A MRSA § 2325-A is enacted to read:

§ 2325-A. Risk-sharing plans

1. Establishment of plans. Every insurer undertaking to transact in this State the business of property insurance and every rating organization which files rates for that insurance shall cooperate in the preparation and submission of a plan or plans for the equitable apportionment among insurers of applications for property insurance when that insurance cannot be procured through ordinary methods.

2. Contents of plans. The plans shall include:

A. Reasonable rules governing the equitable distribution of risks by direct insurance, reinsurance or otherwise, and their assignment to insurers;

B. Rates and rate modifications applicable to these risks, which shall not be excessive, inadequate or unfairly discriminatory;

C. The limits of liability which the insurer shall be required to assume; and

D. A procedure whereby applicants for insurance, insured and insurers may have a right to a hearing on grievances before the superintendent.

3. Matters to be considered. All such plans shall give consideration to:

- A. The need for adequate and readily accessible coverage;**
- B. Alternative methods of improving the market affected;**
- C. The inherent limitations of the insurance mechanism;**
- D. The need for reasonable underwriting standards;**
- E. The requirement of reasonable loss prevention methods; and**
- F. The establishment of procedures that will create minimum interference with the voluntary market.**

4. Approval powers of superintendent. All such plans shall be filed in writing with the superintendent. The superintendent shall review each plan after filing to determine whether it meets the requirements set forth in this section. The plan, unless sooner approved in writing, shall be on file for at least 30 days before it becomes effective. The plan shall be deemed approved unless disapproved by the superintendent before it becomes effective.

Subsequent to the effective date of the plan, it may be disapproved by the superintendent on the grounds that it does not fulfill the statutory requirements. The procedures for disapproval shall be those provided in section 2325.

5. Required participation. When such a plan becomes effective, no insurer shall thereafter issue a policy of property insurance or undertake to transact business in this State unless the insurer participates in an approved plan. The superintendent may exclude classes of insurers if it is determined that it would not be equitable or practicable to require them to participate in the plan.

6. Voluntary participation. The plans may provide for optional participation by those not required to participate under subsection 5.

7. Marketing facilities. If the superintendent finds that the lack of cooperating insurers or agents in an area makes the functioning of the plans difficult, the superintendent may order that the plans appoint agents on such terms as he designates or take other appropriate steps to see that service is available.

8. Cease and desist authority. If, after hearing, the superintendent finds that any activity of any insurer or rating organization in connection with the operation of such a plan is unfair or unreasonable or otherwise inconsistent with this section, the superintendent may issue a written order specifying the impermissible activity and requiring its discontinuance.

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.