

# MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION  
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE  
4

5 Legislative Document

No. 1189

6  
7 H.P. 838

House of Representatives, April 1, 1985

8 Referred to the Committee on Business and Commerce. Sent up for  
9 concurrence and ordered printed.

10 EDWIN H. PERT, Clerk

Presented by Representative Brannigan of Portland.

11 Cosponsored by Senator Trafton of Androscoggin, Representative  
Murray of Bangor and Senator Chalmers of Knox.

12 STATE OF MAINE  
13

14 IN THE YEAR OF OUR LORD  
15 NINETEEN HUNDRED AND EIGHTY-FIVE  
16

17 AN ACT to Change the Manner in Which the  
18 State Seeks Assurance of Motorists'  
19 Financial Responsibility.  
20

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

23 Sec. 1. 29 MRSA c. 9, sub-c. I, as amended, is  
24 repealed.

25 Sec. 2. 29 MRSA c. 9, sub-c. I-A is enacted to  
26 read:

27 SUBCHAPTER I-A

28 GENERAL FINANCIAL RESPONSIBILITY

29 §791. Definitions

30 As used in this subchapter, unless the context  
31 otherwise indicates, the following terms have the  
32 following meanings.

1           1. Certificate. "Certificate" means the certifi-  
2 cate of an insurance company, authorized to transact  
3 the business specified in Title 24-A, that it has is-  
4 ssued to or for the benefit of any person a motor ve-  
5 hicle liability policy covering a motor vehicle,  
6 trailer or semitrailer. The insurance company or  
7 surety company may, at its election, specify on the  
8 certificate the expiration date of the motor vehicle  
9 liability policy and, if the company elects to so  
10 provide, the policy shall, on and after the date, be  
11 terminated for purposes of this subchapter, unless  
12 the policy or bond is previously canceled or super-  
13 seded in accordance with section 794, subsection 7.  
14 Where no expiration date is specified on the certifi-  
15 cate, the policy or bond shall, for the purposes of  
16 this subchapter, continue in effect until it is can-  
17 canceled or superseded in accordance with section 794,  
18 subsection 7.

19           2. Evidence of financial responsibility. "Evi-  
20 dence of financial responsibility" means the informa-  
21 tion required by the Secretary of State pursuant to  
22 section 793 and any rules adopted by the Secretary of  
23 State pursuant to this subchapter. "Evidence of fi-  
24 nanical responsibility" shall be distinguished from  
25 the term "proof of financial responsibility," as that  
26 term is used to describe the requirement of filings  
27 with the Secretary of State under this subchapter.

28           3. Judgment. "Judgment" means any judgment  
29 which becomes final by expiration without appeal of  
30 the time within which appeal might have been perfect-  
31 ed, or by final affirmance on appeal, rendered by a  
32 court of competent jurisdiction of any state of the  
33 United States.

34           4. Motor vehicle liability policy. "Motor vehi-  
35 cle liability policy" means a policy of liability in-  
36 surance which provides indemnity for or protection to  
37 the insured and any person responsible to him for the  
38 operation of the insured's motor vehicle, trailer or  
39 semitrailer who has obtained possession or control of  
40 the motor vehicle, trailer or semitrailer with his  
41 express or implied consent, against loss by reason of  
42 the liability to pay damages to others for damage to  
43 property, except property of others in charge of the  
44 insured or his employees, or bodily injuries, includ-

1 ing death at any time resulting from those injuries,  
2 accidentally sustained during the term of the policy  
3 by any person other than the insured, or employees of  
4 the insured actually operating the motor vehicle or  
5 of any other responsible persons who are entitled to  
6 payment of benefits under any Workers' Compensation  
7 Act, arising out of the ownership, operation, mainte-  
8 nance, control or use within the limits of the United  
9 States or Canada of the motor vehicle, trailer or  
10 semitrailer, to the amount or limit of at least  
11 \$20,000 on account of injury to or death of any one  
12 person, and subject to such limits as respects injury  
13 to or death of one person, of at least \$40,000 on ac-  
14 count of any one accident resulting in injury to or  
15 death of more than one person, and of at least  
16 \$10,000 damage to property of others, or a binder  
17 pending the issue of that policy.

18 5. Owner. "Owner" means a person who holds the  
19 legal title to a motor vehicle, trailer or semitrailer,  
20 or in the event a motor vehicle, trailer or semi-  
21 trailer is the subject of an agreement for the condi-  
22 tional sale or lease of the motor vehicle, trailer or  
23 semitrailer with the right of purchase upon perform-  
24 ance of the conditions stated in the agreement and  
25 with an immediate right of possession vested in the  
26 conditional vendee or lessee, or in the event a mort-  
27 gagor of a motor vehicle, trailer or semitrailer is  
28 entitled to possession, then that conditional vendee,  
29 lessee or mortgagor shall be the owner for the pur-  
30 poses of this subchapter.

31 6. Person. "Person" means every person, firm  
32 copartnership, association or corporation, but not  
33 the State or any political subdivision of the State.

34 7. State. "State" means any state of the United  
35 States, the District of Columbia or any province of  
36 Canada.

37 §792. Purposes; administration; construction

38 1. Purposes. The Legislature finds that the ec-  
39 onomic damage inflicted by uninsured motorists goes  
40 uncompensated in many cases due to the failure of mo-  
41 torists to maintain liability insurance or other  
42 means to ensure just compensation for victims of ac-

1 idents, and that present law condones the financial  
2 irresponsibility of these motorists until they have  
3 already inflicted injuries or damage for which they  
4 may be unable to provide compensation. The purposes  
5 of this subchapter are to:

6 A. Reduce the likelihood that financially irre-  
7 sponsible motorists will operate on the State's  
8 highways by instituting a requirement that motor-  
9 ists provide evidence of financial responsibili-  
10 ty, satisfactory to the Secretary of State, upon  
11 the request of a law enforcement officer; and

12 B. Revise the provisions regarding proof of fi-  
13 nanical responsibility to reflect the addition of  
14 the separate requirement of satisfactory evidence  
15 of financial responsibility.

16 2. Administration. The Secretary of State shall  
17 administer and enforce this subchapter and may adopt  
18 and enforce such rules as may be necessary for that  
19 administration.

20 3. Construction. Unless otherwise clearly re-  
21 quired by the context, this subchapter shall not be  
22 construed to govern the terms of a motor vehicle lia-  
23 bility insurance contract or policy, other than a  
24 contract or policy certified as proof of financial  
25 responsibility, where a filing of proof is required  
26 by the Secretary of State.

27 §793. Requirement of providing evidence of financial  
28 responsibility

29 1. Requirement. Upon request of a law enforce-  
30 ment officer, the owner or operator of a motor vehi-  
31 cle, trailer or semitrailer shall provide evidence of  
32 financial responsibility. The officer may issue to  
33 the person a verification card, as described in sub-  
34 section 2, which shall be completed and returned to  
35 the Secretary of State within the period of time des-  
36 ignated on the card, and shall contain the informa-  
37 tion required on the card. If the operator is li-  
38 censed to operate by another state and the vehicle is  
39 registered in another state, evidence of financial  
40 responsibility may not be required and no verifica-  
41 tion card may be issued, except in the event of an

1 accident required to be reported in accordance with  
2 section 797, subsection 1.

3 2. Verification card; form. The Secretary of  
4 State shall establish by rule a verification card to  
5 be issued by law enforcement officials under this  
6 section. The Secretary of State shall make available  
7 to all law enforcement agencies in this State a sup-  
8 ply of these cards. The chief executive officer of  
9 every such law enforcement agency or his designee  
10 shall be responsible for the further issuance of  
11 these cards to individual law enforcement officers  
12 and for their proper disposition.

13 3. Suspension of license or registration. The  
14 Secretary of State may suspend, in accordance with  
15 chapter 17, the license, right to operate and right  
16 to obtain a license of any person operating a motor  
17 vehicle, trailer or semitrailer, and the registration  
18 certificate, registration plates and the right to  
19 register of any person owning a motor vehicle, trail-  
20 er or semitrailer under the following circumstances:

21 A. The Secretary of State fails to receive a  
22 verification card issued under this section;

23 B. The verification card issued under this sec-  
24 tion indicates that the vehicle is being operated  
25 without insurance or other form of financial re-  
26 sponsibility in the amounts contained in section  
27 791, subsection 4; or

28 C. Due to omission of information or due to an  
29 error or misrepresentation on the verification  
30 card, the card fails to provide sufficient evi-  
31 dence of financial responsibility as required by  
32 this subchapter and rules promulgated by the Sec-  
33 retary of State.

34 4. Reinstatement. The Secretary of State may,  
35 pursuant to chapter 17, reinstate the license, right  
36 to operate, right to obtain a license or the regis-  
37 tration of a person suspended pursuant to subsection  
38 3, upon presentation of evidence of financial respon-  
39 sibility satisfactory to the Secretary of State and  
40 payment of the required fee. Notwithstanding this  
41 subsection, the Secretary of State may refuse rein-

1 statement if he requires the person to file proof of  
2 financial responsibility pursuant to section 794 and  
3 the person has not fulfilled that requirement.

4 5. Sunset provision. This section expires on  
5 December 31, 1988, except that any person from whom  
6 evidence of financial responsibility has been re-  
7 quired on or before that date and who has failed to  
8 provide that evidence, remains subject to this sec-  
9 tion.

10 §794. Proof of financial responsibility

11 1. Security and proof of financial responsibili-  
12 ty may be required. Notwithstanding any other provi-  
13 sion of this subchapter, the Secretary of State may  
14 require any motor vehicle operator or owner to file  
15 with this office proof of financial responsibility  
16 for a period not to exceed 3 years from the date of  
17 requirement, that period to be determined by the Sec-  
18 retary of State, under any of the following condi-  
19 tions:

20 A. Repeated noncompliance with section 793, sub-  
21 section 1;

22 B. Accident record; or

23 C. Record of motor vehicle violations.

24 2. Amount of proof required. Proof of financial  
25 responsibility means proof of ability to respond in  
26 damages for any liability thereafter incurred, aris-  
27 ing out of the ownership, maintenance, control or use  
28 of a motor vehicle, trailer or semitrailer in the  
29 amount of \$20,000 because of bodily injury or death  
30 to any one person, and subject to the limit respect-  
31 ing one person, in the amount of \$40,000 because of  
32 bodily injury to or death to 2 or more persons in any  
33 one accident, and in the amount of \$10,000 because of  
34 injury to and destruction of property in any one ac-  
35 cident. Whenever required under this subchapter,  
36 that proof in those amounts shall be furnished for  
37 each motor vehicle, trailer or semitrailer registered  
38 by that person, except that any trailer, semitrailer,  
39 camp trailer or mobile home registered in the name of  
40 any person required to file proof of financial re-

1 sponsibility, which is automatically covered by a  
2 policy on any motor vehicle registered by that per-  
3 son, which also provides the coverage required for a  
4 motor vehicle liability policy, shall not be subject  
5 to this section.

6 3. Methods of giving proof. Proof of financial  
7 responsibility when required under this subchapter  
8 may be given by any of the following methods:

9 A. By filing with the Secretary of State a cer-  
10 tificate, as defined in section 791, subsection  
11 1, of an insurance company or of a surety compa-  
12 ny;

13 B. By the deposit of money or securities as pro-  
14 vided in subsection 4; or

15 C. By satisfying the Secretary of State that any  
16 corporation has financial ability to comply with  
17 the requirements of this subchapter.

18 4. Money or securities deposited as proof. A  
19 person may give proof of financial responsibility by  
20 delivering to the Secretary of State a receipt of the  
21 Treasurer of State showing the deposit with the Treas-  
22 urer of State of money in an amount or of securities  
23 approved by the Treasurer of State and of a market  
24 value in a total amount as would be required for cov-  
25 erage in a motor vehicle liability policy furnished  
26 by the person giving proof under this subchapter.  
27 The securities shall be of a type which may legally  
28 be purchased by savings banks or for trust funds.  
29 All money or securities so deposited shall be subject  
30 to execution to satisfy any judgment mentioned in  
31 this subchapter, but shall not be otherwise subject  
32 to attachment or execution.

33 5. Limitation. The Treasurer of State shall not  
34 accept any deposit or issue a certificate for any de-  
35 posit and the Secretary of State shall not accept any  
36 certificate, unless accompanied by evidence that  
37 there are no unsatisfied judgments against the depos-  
38 itor registered in the office of the clerk of the Su-  
39 perior Court for the county where the depositor re-  
40 sides.

1       6. May substitute other proof. The Secretary of  
2 State shall return any certificate of insurance, or  
3 shall direct the Treasurer of State to return any  
4 money or securities, to the person entitled thereto,  
5 upon the substitution and acceptance of other ade-  
6 quate proof of financial responsibility pursuant to  
7 this subchapter.

8       7. Cancellation of policy. No motor vehicle li-  
9 ability policy certified as proof of financial re-  
10 sponsibility under this subchapter may be canceled  
11 until at least 10 days after notice of cancellation  
12 of the insurance so certified is filed in the office  
13 of the Secretary of State, except that such a policy  
14 subsequently procured and certified shall, on the ef-  
15 fective date of its certification, terminate the in-  
16 surance previously certified with respect to any mo-  
17 tor vehicle designated in both certificates.

18       8. Operating without giving proof. Any person  
19 whose operator's license or registration certificates  
20 or other privilege to operate a motor vehicle, trailer-  
21 er or semitrailer has been suspended or revoked, res-  
22 toration of that license, certificate or privilege or  
23 the issuance of a new license or registration being  
24 contingent upon the furnishing of security or proof  
25 of financial responsibility, and who, during that  
26 suspension or revocation or in absence of full autho-  
27 rization from the Secretary of State, drives any mo-  
28 tor vehicle, trailer or semitrailer upon any highway  
29 or knowingly permits any motor vehicle, trailer or  
30 semitrailer owned by that person to be operated by  
31 another upon any highway, except as permitted under  
32 this subchapter, shall be punished as provided in  
33 section 2184. Where any person is required under  
34 this subchapter to maintain proof of financial re-  
35 sponsibility, the Secretary of State may issue a re-  
36 stricted license to that person, authorizing the op-  
37 eration of any motor vehicle, trailer or semitrailer  
38 as long as the owner of the motor vehicle, trailer or  
39 semitrailer maintains proof of financial responsibil-  
40 ity.

41       §795. Policy form

42       1. Policy form. No motor vehicle liability pol-  
43 icy, as defined in section 791, subsection 4, may be

1 certified as proof of financial responsibility in ac-  
2 cordance with section 794 until a copy of the form of  
3 the policy has been on file with the Superintendent  
4 of Insurance for at least 30 days, unless, before the  
5 expiration of that period, the Superintendent of In-  
6 surance approves that form of the policy in writing,  
7 or if the Superintendent of Insurance notifies the  
8 company in writing that, in his opinion, the form of  
9 the policy does not comply with the laws of the  
10 State, provided that he notifies the company in writ-  
11 ing within the period of his approval or disapproval  
12 of the form. The Superintendent of Insurance shall  
13 approve a form of policy which contains the name and  
14 address of the insured, a description of the motor  
15 vehicles and trailers or semitrailers covered, with  
16 the premium charges therefor, the policy period, the  
17 limits of liability and an agreement that insurance  
18 is provided in accordance with and subject to this  
19 subchapter.

20 2. Required provisions. A motor vehicle liabil-  
21 ity policy certified as proof of financial responsi-  
22 bility in accordance with section 794 is subject to  
23 the following provisions which need not be contained  
24 therein.

25 A. The liability of any company under a motor  
26 vehicle liability policy shall become absolute  
27 whenever loss or damage covered by the policy oc-  
28  curs, and the satisfaction by the insured of a  
29  final judgment for that loss or damage shall not  
30  be a condition precedent to the right or duty of  
31  the company to make payment on account of that  
32  loss or damage. No such contract of insurance  
33  may be canceled or annulled by any agreement be-  
34  tween the company and the insured after the in-  
35  sured has become responsible for the loss or dam-  
36  age, and any such cancellation or annulment shall  
37  be void. Upon the recovery of a final judgment  
38  against any person for any loss or damage speci-  
39  fied in this section, if the judgment debtor was,  
40  at the accrual of the cause of action, insured  
41  against liability therefor under a motor vehicle  
42  liability insurance policy, the judgment creditor  
43  shall be entitled to have the insurance money ap-  
44  plied to the satisfaction of the judgment.

1 B. The policy, the written application therefor,  
2 if any, and any rider or endorsement which shall  
3 not conflict with this subchapter shall consti-  
4 tute the entire contract between the parties.

5 C. No statement made by the insured or on his  
6 behalf, and no violation of the terms of the pol-  
7 icy, may operate to defeat or avoid the policy so  
8 as to bar recovery within the limit provided in  
9 the policy.

10 D. If the death, insolvency or bankruptcy of the  
11 insured occurs within the policy period, the pol-  
12 icy during the unexpired portion of that period  
13 shall cover the legal representatives of the in-  
14 sured. The policy shall contain such provisions  
15 as are not inconsistent with this subchapter as  
16 may be required by the Superintendent of Insur-  
17 ance.

18 E. Damages shall not be assessed except by spe-  
19 cial order of the court in a civil action, pay-  
20 ment of the judgment wherein is secured by a mo-  
21 tor vehicle liability policy and the defendant  
22 has been defaulted for failure to enter an ap-  
23 pearance until the expiration of 30 days after  
24 the plaintiff has given notice of that default to  
25 the company issuing or executing the policy and  
26 has filed an affidavit to that effect. This no-  
27 tice may be given by mailing it, postage prepaid,  
28 to the company or its agent who issued or exe-  
29 cuted the policy. Upon receipt of information  
30 and having become satisfied that the insured has  
31 failed to comply with the terms of his policy in  
32 regard to notice to the company of an accident,  
33 the Secretary of State, pursuant and subject to  
34 chapter 17, shall revoke his license and regis-  
35 tration for such period as the Secretary of State  
36 determines.

37 3. Prohibition. No motor vehicle liability pol-  
38 icy other than that defined in section 791 may be  
39 certified as proof of financial responsibility in ac-  
40 cordance with section 794, by any authorized insur-  
41 ance company, except that an authorized insurance  
42 company may certify what is known as a standard au-  
43 tomobile liability policy containing an agreement that

1 insurance is provided in accordance with and subject  
2 to this subchapter which agreement has been approved  
3 by the Superintendent of Insurance.

4 §796. Judgment debtors

5 Upon receipt by the Secretary of State of a copy  
6 of any judgment which has been rendered against ei-  
7 ther the owner or the operator of the motor vehicle  
8 involved in an accident required to be reported under  
9 section 797, subsection 1, which judgment resulted  
10 from a cause of action that arose from that accident,  
11 the Secretary of State shall, pursuant to chapter 17,  
12 immediately suspend the license, the right to obtain  
13 a license or the right to operate of a person operat-  
14 ing who has thus become a judgment debtor, and the  
15 registration certificates and plates or the right to  
16 register any vehicle of any person owning a motor ve-  
17 hicle, trailer or semitrailer involved in the acci-  
18 dent who has thus become a judgment debtor, until:

19 1. Satisfied judgment. The judgment is satis-  
20 fied, in the following amounts:

21 A. When \$20,000 has been credited upon any judg-  
22 ment or judgments rendered in excess of that  
23 amount because of bodily injury to or death of  
24 one person as the result of any one accident;

25 B. When, subject to such a limit of \$20,000 be-  
26 cause of bodily injury to or death of one person,  
27 the sum of \$40,000 has been credited upon any  
28 judgment or judgments rendered in excess of that  
29 amount because of bodily injury to or death of 2  
30 or more persons as the result of any one acci-  
31 dent; or

32 C. When \$10,000 has been credited upon any judg-  
33 ment or judgments rendered in excess of that  
34 amount because of injury to or destruction of  
35 property of others as a result of any one acci-  
36 dent.

37 Credit for these amounts shall be deemed a satisfac-  
38 tion of any such judgment or judgments in excess of  
39 the amounts only for the purposes of this subchapter.

1 Payments made in settlement of any claims because of  
2 bodily injury, death or property damage arising from  
3 a motor vehicle accident shall be credited in reduc-  
4 tion of the amounts provided for in this section;

5 2. Written release. The judgment debtor or  
6 debtors secure a written release, in the form re-  
7 quired by the Secretary of State, from the judgment  
8 creditors; or

9 3. Bankruptcy. The judgment debtor obtains re-  
10 lief from the debt in bankruptcy.

11 §797. Reports

12 1. Contents of report and duty of the Chief of  
13 the State Police. Where an accident on a public way,  
14 or in any place where public traffic may reasonably  
15 be anticipated, has resulted in bodily injury to or  
16 death of any person, or in property damage to an ap-  
17 parent extent of \$300 or more, the accident report  
18 required by section 891 shall contain, in a form pre-  
19 scribed by the Secretary of State, such additional  
20 relevant information as the Secretary of State re-  
21 quires. The Secretary of State may rely upon the ac-  
22 curacy of the information unless and until he has  
23 reason to believe that the information is erroneous.

24 2. Verification by insurer. Upon receipt of no-  
25 tice from the Secretary of State that an automobile  
26 liability policy was carried at a certain time, or  
27 that the liability of the owner or operator for dam-  
28 ages resulting from an accident was covered by any  
29 other form of insurance or bond, the insurance carri-  
30 er shall notify the Secretary of State within 15  
31 days, in such manner as he may require, if the policy  
32 was not in effect at the time of the accident. When  
33 erroneous information with respect to the existence  
34 of insurance is furnished to the Secretary of State,  
35 he shall take appropriate action after receiving cor-  
36 rect information with respect to that coverage.

37 3. Penalty. Any person who gives information  
38 required in a report or otherwise, as provided for in  
39 this section, knowing or having reason to believe  
40 that the information is false, commits a Class E  
41 crime.

1 §798. Application of provisions to nonresidents and  
2 accidents in other states

3 1. Nonresidents. The operation of a motor vehi-  
4 cle, trailer or semitrailer on a public way of the  
5 State by a nonresident, or with his express or im-  
6 plied consent if an owner, shall be deemed equivalent  
7 to an appointment by the nonresident of the Secretary  
8 of State or his successor in office to be his true  
9 and lawful attorney, upon whom may be served all law-  
10 ful processes in any action against the nonresident  
11 growing out of any accident in which he may be in-  
12 involved while so operating or so permitting to be op-  
13 erated a motor vehicle on such a way.

14 2. Information to home state. When a  
15 nonresident's operating privilege is suspended, pur-  
16 suant to section 793 or section 794, the Secretary of  
17 State shall transmit a certified copy of the record  
18 of the action to the official in charge of the issu-  
19 ance of licenses and registration certificates in the  
20 state in which the nonresident resides, if the law of  
21 that State provides for action in relation thereto  
22 similar to that provided for in subsection 3.

23 3. Accidents in other states. Upon receipt of  
24 the certification that the operating privilege of a  
25 resident of this State has been suspended or revoked  
26 in any other state pursuant to a law providing for  
27 its suspension or revocation for failure to provide  
28 proof of financial responsibility, under circum-  
29 stances which require the Secretary of State to sus-  
30 pend a nonresident's operating privilege had the ac-  
31 cident occurred in this State, the Secretary of State  
32 may suspend the license of that resident and all reg-  
33 istration certificates and registration plates. The  
34 suspension may continue until that resident furnishes  
35 evidence of his compliance with the law of the other  
36 state and until that resident files proof of finan-  
37 cial responsibility if required by that law.

38 §799. Opportunity for hearing

39 1. Desire for hearing. Any person entitled un-  
40 der this subchapter to a hearing on the decision of  
41 the Secretary of State in applying or invoking the  
42 requirements of this subchapter shall notify the Sec-

1 retary of State in writing of his desire for a hear-  
2 ing within 10 days after receipt of the requirement.  
3 Pending the hearing, the requirement of the subchap-  
4 ter may not be invoked. This provision shall not be  
5 construed to relieve any person from the requirement  
6 to provide evidence of financial responsibility as  
7 provided in section 793, subsection 1.

8 2. Determination of issuance. If the Secretary  
9 of State, in carrying out his responsibilities to ad-  
10 minister and enforce this subchapter, holds a hearing  
11 as provided in section 53 to determine whether or not  
12 a motor vehicle operator's license or certificate of  
13 registration should be issued to a person against  
14 whom the motor vehicle financial responsibility law  
15 has been invoked, he shall provide notice of the  
16 hearing to the other party or parties in the accident  
17 which gave rise to that law being invoked.

18 §800. Limitation and saving clause

19 This subchapter shall not be construed to prevent  
20 the plaintiff in any civil action from relying upon  
21 the other processes provided by law.

22 Sec. 3. Allocation. The following funds are al-  
23 located from the Highway Fund to carry out the pur-  
24 poses of this Act.

	<u>1985-86</u>	<u>1986-87</u>
25		
26	<u>SECRETARY OF STATE,</u>	
27	<u>DEPARTMENT OF THE</u>	
28	Division of Motor Vehicles	
29	Positions	(10) (10)
30	Personal Services	\$134,664 \$179,552
31	All Other	84,405 111,307
32	Capital Expenditures	<u>14,160</u>
33	Total	\$233,229 \$290,859

34 Sec. 4. Effective date. Except as provided in  
35 section 3, this Act shall take effect January 1,  
36 1986. Prior to the effective date of this Act, the  
37 Secretary of State may promulgate rules and take any  
38 other actions required or permitted under this Act in

1 order to assure that the provisions of this Act be-  
2 come effective on that date.

3 STATEMENT OF FACT

4 The economic damage inflicted by the estimated  
5 15-20% of Maine motorists who are uninsured often  
6 goes uncompensated because of motorists' failure to  
7 maintain liability insurance or other means to ensure  
8 just compensation to accident victims. This bill  
9 changes the manner in which the State will seek to  
10 assure that all motorists maintain some form of fi-  
11 nancial responsibility as a condition of owning or  
12 operating a motor vehicle in this State.

13 The bill requires motorists to provide evidence  
14 of financial responsibility upon the request of a law  
15 enforcement officer. For example, such a request  
16 might be made of a motorist who is stopped for a mo-  
17 tor vehicle offense or at the scene of an accident.  
18 Motorists are not required to carry insurance identi-  
19 fication cards; instead, the officer is authorized to  
20 issue a verification card which the motorist should  
21 complete and return to the Secretary of State. This  
22 is similar to the practice of issuing defect cards to  
23 motorists. The Secretary of State may suspend the  
24 motorist's license and registration if the card is  
25 not returned or the card indicates that the vehicle  
26 is being operated without sufficient insurance or  
27 other form of financial responsibility. The license  
28 and registration may be reinstated upon presentation  
29 of evidence of financial responsibility and payment  
30 of applicable fees.

31 This approach is less burdensome than a complex,  
32 actively monitored compulsory insurance law. The  
33 burden of verification rests only on those from whom  
34 evidence of responsibility is sought, not on all mo-  
35 torists and insurers. Administrative costs for both  
36 the private and public sector are therefore mini-  
37 mized. Under a sunset provision, these provisions  
38 expire on December 31, 1988, which gives a 3-year pe-  
39 riod to assess their effectiveness.

