

MAINE STATE LEGISLATURE

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ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 1752

S.P. 595

In Senate, June 5, 1987

Reported by Senator Collins of Aroostook for the Committee on Banking and Insurance and printed under Joint Rule 2. Original Bill sponsored by President Pray of Penobscot. Cosponsored by: Senator Theriault of Aroostook, Representative Rydell of Brunswick, Representative Erwin of Rumford.

JOY J. O'BRIEN, Secretary of the Senate

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-SEVEN

1 **Resolve, to Study the Relationship between**
2 **Nonprofit Service Agencies and**
3 **Professional Liability and Other**
4 **Hard-to-obtain Lines of Liability**
5 **Insurance.**
6

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

11 Whereas, recently, many nonprofit service agen-
12 cies and some businesses in Maine have found it dif-
13 ficult to obtain property, casualty and liability in-
14 surance; and

1 Whereas, some of those agencies and some busi-
2 nesses that have been able to obtain property, casu-
3 alty and liability insurance have experienced premium
4 increases as high as 600% over the previous billing
5 period; and

6 Whereas, in order for this study to be completed
7 by November 15, 1987, work must begin as soon as pos-
8 sible after the adjournment of the First Regular Ses-
9 sion of the 113th Legislature; and

10 Whereas, in the judgment of the Legislature,
11 these facts create an emergency within the meaning of
12 the Constitution of Maine and require the following
13 legislation as immediately necessary for the preser-
14 vation of the public peace, health and safety; now,
15 therefore, be it

16 **Study. Resolved:** That the Joint Standing Com-
17 mittee on Banking and Insurance shall study availa-
18 bility and affordability problems in professional li-
19 ability, nonprofit service organizations and other
20 hard-to-obtain lines of insurance. This study shall
21 focus on the extent to which the problems stated in
22 the preamble exist the in Maine economy. If these
23 problems are found to exist to an extensive degree,
24 the committee shall study the following insurance al-
25 ternatives: Self-insurance funds, insurance com-
26 pacts, reinsurance funds and experience based rating.
27 If the committee concludes that any of these insur-
28 ance alternatives would be beneficial in alleviating
29 the problems stated in the preamble, the committee
30 shall establish guidelines for implementing that al-
31 ternative; and be it further

32 **Findings. Resolved:** That the committee shall
33 report its findings and any recommended legislation
34 to the Legislature by November 15, 1987; and be it
35 further

36 **Staff assistance. Resolved:** That the committee
37 shall request from the Legislative Council sufficient
38 staff assistance, including limited-period contractu-
39 al assistance, to carry out these duties; and be it
40 further

1 **Meetings. Resolved:** That 4 members of the com-
2 mittee shall meet 5 times to study the issues through
3 examination of data, consultation with staff and rec-
4 ognized experts and conducting public hearings; and
5 be it further

6 **Reimbursement. Resolved:** That the members of
7 the committee participating in the study shall re-
8 ceive the legislative per diem, as defined in the
9 Maine Revised Statutes, Title 3, section 2, for days
10 of attendance at committee meetings. All members of
11 the committee participating in the study shall re-
12 ceive expenses as defined in the Title 3, section 2;
13 and be it further

14 **Appropriation. Resolved:** That the following
15 funds are appropriated from the General Fund to
16 carryout purposes of this resolve.

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19 Study Commissions - Funding

20 Personal Services	\$1,100
21 All Other	6,800

22		
23 Total		<u>\$7,900</u>

24 Provides for the per
25 diem travel and related
26 expenses of a 4-member
27 subcommittee of the
28 Joint Standing Commit-
29 tee on Banking and In-
30 surance. Also provides
31 funds for a 3-month
32 contractual research
33 assistant position.

34 **Emergency clause.** In view of the emergency cited
35 in the preamble, this Resolve shall take effect when
36 approved.

STATEMENT OF FACT

1

2 The nonprofit service sector and some businesses
3 of the Maine economy have voiced discontent with the
4 availability and cost of the professional liability
5 insurance. This study is designed to determine the
6 extent to which such problems exist. If these prob-
7 lems are found to be significant, the Joint Standing
8 Committee on Banking and Insurance shall examine sev-
9 eral insurance alternatives including reinsurance,
10 self-insurance, insurance compacts and experience
11 based rating. If any of these alternatives appear to
12 offer relief to these problems the committee will es-
13 tablish guidelines for implementing the alternative.

14

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