

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 37

H.P. 37

House of Representatives, January 30, 1989

Reported by Representative RYDELL from the Joint Standing Committee on Banking and Insurance pursuant to Private and Special Law 1987, chapter 122.

Reference to the Joint Standing Committee on Banking and Insurance suggested and printing ordered under Joint Rule 18.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

STATE OF MAINE

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

AN ACT Providing for a Report on the Availability of Insurance and Level of Competition within the Insurance Industry in Maine and a Report on Insurance Rating Organizations in Maine.



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

3 Sec. 1. 24-A MRSA §221-B is enacted to read:

5 §221-B. Competition and availability of insurance

7 1. General review. The Superintendent of Insurance shall
9 review annually each authorized insurer in each line of insurance
11 in the State for which a rating organization is authorized to
13 file rates. The superintendent shall review individual insurers
15 involved in those specific lines for which the superintendent has
reasonable cause to believe that competition may not be an
effective regulator of rates for the purpose of determining the
level of competition among insurers providing those lines and the
availability of insurance within those lines.

17 2. Review of specific lines of insurance. In the
19 superintendent's determination of the specific lines of insurance
21 to be reviewed pursuant to subsection 1, the superintendent shall
23 consider:

25 A. The number of insurers actually writing insurance within
27 the line;

29 B. The extent and nature of rate differentials among
31 insurers within the line;

33 C. The respective market share of insurers actually writing
35 insurance within the line and changes in that market share
37 over previous years;

39 D. The ease of entry into the line by insurers not
41 currently writing such line;

43 E. The degree to which rates within the line are
45 established by rating service organizations;

47 F. The extent to which insurers licensed to write the line
49 have sought to obtain new business within the line within
51 the past year;

G. Whether a pattern of excessive rates exists within the
line in relation to losses, expenses and investment income;
and

H. Any other factors the superintendent considers relevant
to the determination of whether competition is an effective
regulator of rates within the line.

3. Report required. The superintendent shall submit a
report or reports on those lines of insurance which the
superintendent has specified as lines for which competition may

1 not be an effective regulator of rates. The report shall include
2 recommendations to provide a more competitive atmosphere. The
3 report or reports shall be submitted annually to:

5 A. The joint standing committee of the Legislature having
6 jurisdiction over banking and insurance;

7
8 B. The Governor; and

9
10 C. The Department of the Attorney General.

11
12 4. Rules authorized. The superintendent shall promulgate
13 the rules necessary to carry out this section.

14 **Sec. 2. 24-A MRSA §2328**, as amended by PL 1973, c. 585, §12,
15 is further amended by adding at the end a new paragraph to read:

16
17 If the examination of a rating organization is satisfied by
18 acceptance of another state's report on that rating organization,
19 the superintendent shall submit a report to the joint standing
20 committee of the Legislature having jurisdiction over banking and
21 insurance concerning the superintendent's analysis of that
22 report, any deficiencies noted by the superintendent or in the
23 other state's report and what action has been taken to correct
24 those deficiencies.

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28 STATEMENT OF FACT

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32 Section 1 of this bill requires the Superintendent of
33 Insurance to monitor annually each authorized insurer in the
34 State if the superintendent has reasonable cause to believe that
35 competition may not be an effective regulator of rates within a
36 line of insurance. The bill establishes standards by which the
37 superintendent may determine whether there is reasonable cause to
38 believe that competition may not be an effective regulator of
39 rates within each line. The bill also requires that the
40 superintendent more closely review those lines for which the
41 superintendent has determined there is reasonable cause to
42 believe that competition is not an effective regulator of rates
43 and to report those findings to the joint standing committee of
44 the Legislature having jurisdiction over banking and insurance,
45 to the Governor and to the Department of the Attorney General.

46
47 Section 2 of the bill requires the superintendent to report
48 to the joint standing committee of the Legislature having
49 jurisdiction over banking and insurance on the results of the
50 examination of insurance rating organizations. That examination
51 is already required by law.