

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

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Legislative Document

No. 625

H.P. 460

House of Representatives, March 6, 1989

Reference to the Committee on Banking and Insurance suggested and ordered printed.

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

EDWIN H. PERT, Clerk

Presented by Representative RYDELL of Brunswick.

Cosponsored by Senator BUSTIN of Kennebec, Representative MAYO of Thomaston and Senator ANDREWS of Cumberland.

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STATE OF MAINE

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

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**An Act to Increase the Office of the Public Advocate's Involvement in Insurance Rating.**

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

3 Sec. 1. 24-A MRSA §2304, sub-§5 is enacted to read:

5 5. The superintendent shall forward a copy of all proposed  
7 rate changes under this chapter to the Office of the Public  
Advocate.

9 Sec. 2. 24-A MRSA §2306, as amended by PL 1973, c. 585, §12,  
11 is further amended to read:

13 **§2306. Disapproval of filing**

15 1. If at any time the superintendent has reason to believe  
17 that a filing does not meet the requirements of this chapter, or  
19 violates any of the provisions of chapter 23, he the  
21 superintendent shall, after a hearing held upon not less than 10  
23 days' written notice, specifying the matters to be considered at  
25 such hearing, to every insurer and rating organization which made  
27 such filing and to the Office of the Public Advocate, issue an  
29 order specifying in what respects he the superintendent finds  
that such filing fails to meet the requirements of this chapter,  
and stating when, within a reasonable period thereafter, such  
filing shall be deemed no longer effective. Copies of the order  
shall be sent to every such insurer and rating organization and  
to the Office of the Public Advocate. The order shall not affect  
any contract or policy made or issued prior to the expiration of  
the period set forth in the order.

31 2. No such order shall ~~may~~ be issued by the superintendent  
33 with respect to the rate of an insurer, if such rate is one used  
35 by any other insurer, unless such order applies equally to all  
37 insurers using such rate. Such order may be issued to an insurer  
without being applicable to all other insurers using the same  
rate, if the basis for such order is that the insurer affected  
thereby could not otherwise, with safety to the public and to its  
policyholders, be permitted to continue to transact business.

39 3. The Public Advocate may be a party to any proceeding  
41 involving rates under this chapter. Whenever the Public Advocate  
43 represents the public interest in such a proceeding, the Public  
45 Advocate shall send each insurance company, rating organization  
47 or advisory organization in such a proceeding a statement of the  
49 compensation and expenses of counsel, experts and assistants  
51 employed by the Public Advocate in the proceeding, together with  
an appropriate allocation to the insurance company, rating  
organization or advisory organization of its fair share of the  
cost of the proceeding. All assessments or statements of  
compensation and expenses shall be paid by the insurance company,  
rating organization or advisory organization to the Treasurer of  
State within 30 days after the date of assessment.

1           4. The Public Advocate has the same rights of appeal from  
3 the superintendent's orders or decisions to which the Public  
5 Advocate has been a party as other parties to commission  
proceedings.

7           5. The Public Advocate may employ expert witnesses and pay  
9 appropriate compensation and expenses to employ the witnesses.

11           6. In addition to the limitations of Title 5, section 18,  
13 the Public Advocate or any employee of the Public Advocate may  
15 not have any official or professional connection or relation  
17 with, or hold any stock or securities in any insurer operating  
within this State; render any professional service against any  
such insurer; or be a member of a firm which renders any such  
service.

19           7. The Public Advocate shall have sole discretion to  
21 represent or refrain from representing the public interest in any  
23 proceeding. The Public Advocate shall consider in exercising  
discretion the importance and the extent of the public interest  
involved and whether that interest would be adequately  
represented without the action of the department.

25           8. The Public Advocate may initiate any proceedings when  
27 the Public Advocate determines that a discontinuance or change in  
29 a service or rate for a product or service is in the public  
interest.

31           9. In the performance of assigned functions, the Public  
33 Advocate shall have reasonable access to records of the Bureau of  
35 Insurance which are not classified by law as confidential and the  
superintendent shall cooperate with the Public Advocate in the  
performance of the duties assigned in this section.

#### STATEMENT OF FACT

39           The purpose of this bill is to allow the Office of the  
41 Public Advocate to become a party in any hearing regarding any  
proposed change in rates in insurance.