

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1180

H.P. 826

House of Representatives, March 18, 1991

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 GWADOSKY of Fairfield.

Cosponsored by Representative MITCHELL of Vassalboro and Representative TRACY of Rome.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

An Act to Strengthen the Mandatory Motor Vehicle Insurance Laws.

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

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Sec. 1. 29 MRSA §102-A is enacted to read:

§102-A. Insurance required prior to registration

Every operator or owner of a motor vehicle must show proof of insurance prior to registering a motor vehicle.

1. Insurance required. A person may not register a vehicle unless the person shows proof to the Secretary of State that the vehicle is insured or otherwise shows financial responsibility in compliance with section 780.

2. Method of establishing evidence of insurance. A person establishes evidence of insurance by showing the vehicle insurance identification card as defined by section 781, subsection 1, paragraph A-2, to either the municipal agent or the Division of Motor Vehicles service representative and by signing a form certifying that the individual will maintain insurance on the vehicle throughout the period for which the vehicle is registered.

3. Alternative methods of establishing evidence of insurance. If an individual is unable to show an insurance identification card, the individual shall:

A. Sign the form certifying that the individual will maintain insurance on the vehicle throughout the period for which the vehicle is registered and sign an additional statement certifying that the individual currently has insurance, listing the insurance company or agent;

B. Sign a form certifying that the individual has deposited with the Treasurer of State money or securities as provided in section 787, subsection 3; or

C. Sign a form certifying that the individual is registering a vehicle for a company that has satisfied the Secretary of State that the company has the financial ability to comply with the financial responsibility requirements under chapter 9, subchapter I.

4. Forms; random sampling. The Secretary of State may:

A. Prescribe forms to administer this section; and

B. To ensure compliance with this section, select for financial responsibility verification on a random sample basis up to 10% of the vehicles registered pursuant to this chapter.

2 5. Exemptions. The provisions of this section do not apply
3 to:

4 A. Government vehicles as identified in section 256;

6 B. Vehicles owned or controlled by a dealer as defined by
7 chapter 5, subchapter III-A; or

9 C. Vehicles registered as vehicles for hire.

11 Sec. 2. 29 MRSA §780, sub-§5, as enacted by PL 1987, c. 341,
12 §§3 and 7, is amended to read:

14 5. Penalty. Violation of this section is a traffic
15 ~~infraction, -- for which a forfeiture of not more than \$100 may be~~
16 ~~assessed~~ Class E crime.

18 Sec. 3. 29 MRSA §781, sub-§1, ¶C, as amended by PL 1969, c.
19 363, §1, is further amended to read:

21 C. Motor vehicle liability bond. "Motor vehicle liability
22 bond," a bond certified as proof of financial responsibility
23 in accordance with section 787, and conforming to section
24 786, subsection 3, and conditioned that the obligor shall
25 within 30 days after the rendition ~~thereof~~ of the bond
26 satisfy all judgments rendered against ~~him~~ the obligor or
27 against any person responsible to ~~him~~ the obligor for the
28 operation of the obligor's motor vehicle, trailer or
29 ~~semi-trailer~~ semitrailer who has obtained possession or
30 control ~~thereof~~ with ~~his~~ the obligor's express or implied
31 consent, in actions to recover damages for damage to
32 property of others or bodily injuries, including death at
33 any time resulting ~~therefrom~~ from the use of the obligor's
34 vehicle, accidentally sustained during the term of said ~~the~~
35 bond by any person other than the insured employees of the
36 obligor actually operating the motor vehicle or of such ~~any~~
37 other person responsible who are entitled to payments or
38 benefits under any ~~Workmen's~~ Workers' Compensation Act,
39 arising out of the ownership, operation, maintenance,
40 control or use ~~within~~ inside the limits of the United States
41 of America or the Dominion of Canada of such ~~the~~
42 motor vehicle, trailer or ~~semi-trailer~~ semitrailer, to the amount
43 or limit of at least \$10,000 \$50,000 on account of damage to
44 property and at least \$20,000 \$100,000 on account of injury
45 to or death of any one person, and subject to such limits as
46 respects injury to or death of one person, at least \$40,000
47 \$300,000 on account of any one accident resulting in injury
48 to or death of more than one person.

50 Sec. 4. 29 MRSA §783, sub-§5, ¶F, as amended by PL 1969, c.
51 363, §3, is further amended to read:

2 F. To the owner or licensed operator of a motor vehicle,
trailer or semitrailer involved in an accident, if such the
4 owner had in effect at the time of such the accident an
automobile liability policy with respect to the motor
6 vehicle, trailer or semitrailer involved in such the
accident; nor to such the operator, if not the owner of such
8 the motor vehicle, trailer or ~~semi-trailer~~ semitrailer, if
there was in effect at the time of such the accident an
10 automobile liability policy or bond with respect to his the
operation of motor vehicles not owned by him the operator;
12 nor to such the operator or owner if the liability of such
the operator or owner for damages resulting from such the
14 accident is, in the judgment of the Secretary of State,
covered by any other form of liability insurance policy or
16 bond. No such policy or bond ~~shall-be~~ is effective under
this section unless issued by an insurance company or surety
18 company authorized to do business in this State, except that
if such the motor vehicle, trailer or semitrailer was not
20 registered in this State, or was a motor vehicle, trailer or
~~semi-trailer-which-was~~ semitrailer registered elsewhere than
22 in this State at the effective date of the policy or bond,
or the most recent renewal thereof, such the policy or bond
24 shall is not be effective under this section unless the
insurance company or surety company if not authorized to do
26 business in this State ~~shall-execute~~ executes a power of
attorney authorizing the Secretary of State to accept
28 service on its behalf of notice or process in any action
upon such the policy or bond arising out of such the
30 accident. Every such policy or bond is subject, if the
accident has resulted in bodily injury or death, to a limit,
32 exclusive of interest and costs, of not less than \$20,000
\$100,000 because of bodily injury to or death of one person
34 in any one accident and, subject to said limit for one
person, to a limit of not less than \$40,000 \$300,000 because
36 of bodily injury to or death of 2 or more persons in any one
accident, and, if the accident has resulted in injury to or
38 destruction of property, to a limit of not less than \$10,000
\$50,000 because of injury to or destruction of property of
40 others in any one accident;

42 Sec. 5. 29 MRSA §784, as amended by PL 1969, c. 363, §4, is
further amended to read:

44 **§784. Payments sufficient to satisfy requirements**

46 Every judgment shall, for the purposes of this subchapter be
48 deemed is satisfied:

50 1. \$100,000 credited. When \$20,000 \$100,000 has been
credited upon any judgment or judgments rendered in excess of
52 that amount because of bodily injury to or death of one person as
the result of any one accident; or

2 2. **\$300,000 credited.** When, subject to such limit of
4 \$20,000 ~~\$100,000~~ because of bodily injury to or death of one
6 person, the sum of \$40,000 ~~\$300,000~~ has been credited upon any
8 judgment or judgments rendered in excess of that amount because
10 of bodily injury to or death of 2 or more persons as the result
12 of any one accident; or

14 3. **\$50,000 credited.** When ~~\$10,000~~ \$50,000 has been
16 credited upon any judgment or judgments rendered in excess of
18 that amount because of injury to or destruction of property of
20 others as a result of any one accident.

22 Credit for such amounts ~~shall-be-deemed~~ is a satisfaction of
24 any such judgment or judgments in excess of said amounts only for
26 the purposes of this subchapter.

28 Payments made in settlement of any claims because of bodily
30 injury, death or property damage arising from a motor vehicle
32 accident ~~shall--be~~ are credited in reduction of the amounts
34 provided for in this section.

36 **Sec. 6. 29 MRSA §787, sub-§1,** as amended by PL 1975, c. 252,
38 §10, is further amended to read:

40 1. **Amount of proof required.** Proof of financial
42 responsibility ~~shall-mean~~ means proof of ability to respond in
44 damages for any liability ~~thereafter~~ incurred, arising out of the
46 ownership, maintenance, control or use of a motor vehicle,
48 trailer or semitrailer in the amount of \$20,000 ~~\$100,000~~ because
50 of bodily injury or death to any one person, and subject to said
52 the limit respecting one person, in the amount of \$40,000
54 \$300,000 because of bodily injury to or death to 2 or more
56 persons in any one accident, and in the amount of ~~\$10,000~~ \$50,000
58 because of injury to and destruction of property in any one
60 accident. Whenever required under this subchapter, such proof in
62 such amounts shall must be furnished for each motor vehicle,
64 trailer or semitrailer registered ~~by-such-person~~, except that any
66 trailer, semitrailer, camp trailer or mobile home, registered in
68 the name of any person required to file proof of financial
70 responsibility, which is automatically covered by a policy on any
72 motor vehicle registered by such person, which also provides the
74 coverage required for a motor vehicle liability policy, ~~shall~~ is
76 not be subject to this section.

78 **Sec. 7. 29 MRSA §831, first ¶,** as amended by PL 1989, c. 502,
80 Pt. B, §31, is further amended to read:

82 The Secretary of State shall may not register any motor
84 vehicle rented or leased on plans commonly known as U-Drive,
86 Drive Yourself or Driverless Car plans nor any motor vehicle used
88 for livery or hire, except as provided in section 2708, and ~~ne a~~ a

2 person, firm or corporation may not operate or cause to be
operated upon any public highway in this State any such motor
4 vehicle, until the owner or owners thereof ~~shall~~ of the vehicle
have procured insurance or a bond, having a surety company
6 authorized to transact business in this State or 2 individuals as
sureties ~~thereon~~ on the bond, in the amount of ~~\$20,000~~ \$100,000
8 because of bodily injury or death to any one person, and subject
to the limit respecting one person, in the amount of ~~\$40,000~~
\$300,000 because of bodily injury to or death to 2 or more
10 persons in any one accident, and in the amount of ~~\$10,000~~ \$50,000
because of injury to and destruction of property in any one
12 accident, which insurance or bond shall must be approved by the
Secretary of State and shall must indemnify the insured against
14 any legal liability for personal injury, the death of any person
or property damage, which injury, death or damage may result from
16 or have been caused by the operation of the motor vehicle
described in the contract of insurance or such bond. The
18 Secretary of State shall may not approve the policy or bond
unless it provides primary coverage for the operator as well as
20 the owner.

22 Sec. 8. 29 MRSA §832, first ¶, as amended by PL 1989, c. 481,
Pt. A, §22, is further amended to read:

24 The Secretary of State shall may not issue a chapter 5,
26 subchapter III-A dealer, transporter, loaner, motorcycle dealer
or trailer dealer license or registration plates, except to any
28 equipment dealers or dealers who are only licensed to sell
trailers with a GVWR of 3,000 pounds or less, and which do not
30 request dealer registration plates in conjunction with the
license, until the applicant has procured and filed with the
32 Secretary of State a certificate showing that the applicant is
covered by an automobile bodily injury and property damage
34 liability insurance policy providing coverage as set forth in
this Title with respect to the plates issued, approved by the
36 Superintendent of Insurance, insuring against any legal liability
in accordance with the terms of that policy for personal injury
38 or death of any one person in the sum of ~~\$20,000~~ \$100,000 and for
any number of persons in the sum of ~~\$40,000~~ \$300,000 and against
40 property damage in the sum of ~~\$10,000~~ \$50,000 which injury, death
or damage may result from or have been caused by the operation of
42 any vehicle bearing such registration plates. In lieu of such the
insurance, the applicant may file with the Secretary of State a
44 bond or bonds issued by a surety company authorized to do
business in the State in the amount of at least ~~\$20,000~~ \$100,000
46 on account of injury to or death of any one person, and subject
to such limits as respects injury to or death of one person; of
48 at least ~~\$40,000~~ \$300,000 on account of any one accident
resulting in injury to or death of more than one person, and of
50 at least ~~\$10,000~~ \$50,000 for damage to property of others.

52 Sec. 9. Study authorized. The Secretary of State is authorized
to conduct a study to determine what insurance program

2 would be most cost-effective to the public and the State and
would achieve as close to 100% compliance with the mandatory
liability insurance laws as possible.

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6 In conducting the study the Secretary of State shall solicit
information and opinions from the insurance industry, the Bureau
of Insurance, municipalities, law enforcement agencies, the
8 Department of the Secretary of State, Division of Motor Vehicles
and other interested parties.

10
12 A report of the study must be submitted to the Legislature
no later than 18 months following enactment of this Act. The
report may include legislative recommendations.

14
16 **STATEMENT OF FACT**

18 This bill strengthens the State's mandatory liability
insurance laws and authorizes the Secretary of State to conduct a
20 study to determine what insurance program would best serve the
State's motoring public. The bill also increases the amount of
22 liability insurance a person must have before the person may
register a motor vehicle.