



115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1665

H.P. 1140

House of Representatives, April 24, 1991

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

EDWIN H. PERT, Clerk

Presented by Representative RAND of Portland. Cosponsored by Senator THERIAULT of Aroostook and Representative ERWIN of Rumford.

STATE OF MAINE

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

An Act to Facilitate the Purchase of Insurance by Purchasing Groups.

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

Sec. 1. 24-A MRSA §6099, sub-§1, as amended by PL 1989, c. 724 \$2, is further amended to read:

Purchase from risk retention group; insurer; licensed 1. agent or broker. A purchasing group may purchase insurance from a risk retention group that is chartered in a state or, in the case of product liability or completed operations liability coverage, that qualifies under section 6093, subsection 13, paragraph C, subparagraph (2); from an insurer admitted in this State; from a licensed agent or broker acting pursuant to the surplus lines laws and regulations rules of this State; or, after the making of a determination by the superintendent pursuant to subsection 3, from an insurer admitted in another state; or from a licensed agent or broker acting pursuant to the surplus lines laws and regulations of another state.

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Sec. 2. 24-A MRSA §6099, sub-§3 is enacted to read:

3. Determination of nonmarket conditions. The 22 superintendent acting on the superintendent's own initiative or upon the petition of any insurer, purchasing group or broker may 24 determine that with respect to any line of insurance market conditions in the State are such that no true market exists with 26 respect to that line. Under those circumstances, a purchasing group may purchase insurance from an insurer not admitted in this 28 State or not otherwise authorized by subsection 1, provided that the notice required by subsection 2 is given to each member of 30 the purchasing group that has a risk resident or located in this State. The superintendent shall make a determination that no 32 true market exists with respect to such line whenever it appears that there are fewer that 3 admitted insurers operating in this State that sell insurance in that line, exclusive of their 34 participation in an assigned risk pool. The proceedings 36 regarding the making of such determination are an adjudicatory proceeding under the provisions of the Maine Administrative 38 Procedure Act. A determination made under this subsection continues in effect until a contrary determination, after like 40 proceedings, is made.

STATEMENT OF FACT

This bill gives the Superintendent of Insurance the authority, upon petition of any insurer, purchasing group, broker or on the superintendent's own initiative to determine that a particular line of insurance does not exist in this State. The bill also allows purchasing groups the option of purchasing insurance from an insurer not admitted in this State if that insurer is admitted pursuant to the surplus lines laws in another 52 state.