

MAINE STATE LEGISLATURE

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L.D. 1985

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STATE OF MAINE
SENATE
115TH LEGISLATURE
SECOND SPECIAL SESSION

SENATE AMENDMENT "K" to H.P. 1402, L.D. 1985, Bill, "An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government for the Fiscal Years Ending June 30, 1992 and June 30, 1993 and to Change Certain Provisions of Law"

Amend the bill by inserting at the end before the emergency clause the following:

PART OO

Sec. OO-1. 5 MRSA §1728-A, sub-§§1-A, 1-B and 5 are enacted to read:

1-A. Additional duties. The director shall provide insurance advice and services for all lines of property and casualty insurance for school administrative units and for private schools approved for tuition purposes, more than 60% of whose students are publicly funded. All liabilities over \$300,000 per occurrence must be reinsured by the director, with the insured entity paying the cost of that reinsurance. In performing the functions authorized by this subsection the director is not subject to the provisions of Title 24-A.

1-B. Rulemaking. The commissioner, with the advice of the director, shall adopt rules to ensure that the fund is adequately funded and that the assets of the fund are protected.

5. Actuarial services. The director shall retain the services of a nationally recognized actuarial firm each fiscal year to provide advice in the development of insurance premiums charged for the succeeding fiscal year by the division and make recommendations to the commissioner and the director regarding the level of premium and reserves necessary to protect the fund and the division's clients. Within 60 days of receiving the recommendations from the actuarial firm, the director shall

report to the joint standing committee of the Legislature having jurisdiction over banking and insurance matters stating the recommended levels of premium and reserves, the director's intention to implement those levels and any reasons for deviations from the recommendations.

Sec. OO-2. 20-A MRSA §15603, sub-§2, ¶E, as amended by PL 1991, c. 591, Pt. E, §15, is further amended to read:

E. Expenditures from all federal revenue sources, except for amounts received under United States Public Law 81-874; and

Sec. OO-3. 20-A MRSA §15603, sub-§2, ¶F, as enacted by PL 1991, c. 591, Pt. E, §15, is amended to read:

F. One half of salary and benefits costs for superintendents, assistant superintendents and associate superintendents; and

Sec. OO-4. 20-A MRSA §15603, sub-§2, ¶G is enacted to read:

G. Property and casualty insurance not provided by the Department of Administration, Risk Management Division.

Sec. OO-5. Property and casualty insurance saving. The Department of Education and the Department of Administration, Risk Management Division shall calculate the savings accruing to each school administrative unit by insuring through the Risk Management Division by determining the difference between actual property and casualty insurance costs for the school year 1991-92 adjusted by the percentage used in the Commissioner of Education's recommended funding level and the estimated costs for property and casualty insurance provided through the Risk Management Division for school years 1992-93 and 1993-94 for each school administrative unit. Notwithstanding the Maine Revised Statutes, Title 20-A, chapter 606, the state subsidy to each school administrative unit must be reduced by the amount of the calculated savings times the state share percentage for subsidized educational costs for that school administrative unit for fiscal years ending June 30, 1993 and June 30, 1994.

Sec. OO-6. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

1992-93

EDUCATION, DEPARTMENT OF

General Purpose Aid for Local Schools

All Other (\$1,500,000)

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Provides for the deappropriation of funds from savings realized from schools receiving property and casualty insurance coverage through the State's Risk Management Division as determined in this Part.'

Further amend the bill by relettering the Parts to read consecutively.

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FISCAL NOTE

This amendment requires the Risk Management Division to provide property and casualty insurance to school administrative units and results in a General Fund deappropriation to General Purpose Aid for Local Schools of \$1,500,000 in fiscal year 1992-93, thereby increasing the General Fund savings realized by the bill.

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STATEMENT OF FACT

This bill requires the Director of Risk Management in the Department of Administration to provide insurance services for school administrative units and for private schools approved for tuition purposes, more than 60% of whose students are publicly funded.

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The bill provides rule-making authority to ensure that the fund is adequately funded and that the assets of the fund are protected. It requires an annual actuarial review and a report to the joint standing committee of the Legislature having jurisdiction over banking and insurance matters.

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The bill prohibits insurance costs from being counted as an expenditure for state funding purposes unless they are through the Risk Management Division or are for insurance not provided by the division. The bill requires the Department of Education and the Risk Management Division to estimate savings from insuring through the Risk Management Division and to apply those savings to the state subsidy for the fiscal years ending June 30, 1993 and June 30, 1994.

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(Senator McCORMICK)
SPONSORED BY: Dale W. E.

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COUNTY: Kennebec

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