



## 115th MAINE LEGISLATURE

## **SECOND REGULAR SESSION-1992**

Legislative Document

No. 2061

H.P. 1449

House of Representatives, January 7, 1992

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Reference to the Committee on Banking and Insurance suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative NUTTING of Leeds. Cosponsored by Representative MITCHELL of Vassalboro, Representative NORTON of Winthrop and Representative LUTHER of Mexico.

STATE OF MAINE

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

An Act to Allow Elementary and Secondary Schools to Obtain Insurance Coverage through the Risk Management Division. Be it enacted by the People of the State of Maine as follows:

Sec. 1. 5 MRSA §1728-A, sub-§§1-A, 1-B and 5 are enacted to 4 read:

 6 <u>1-A. Additional duties. The director shall provide insurance advice and services for all lines of property and
 8 casualty insurance for school administrative units and for private schools approved for tuition purposes more than 60% of
 10 whose students are publicly funded. All liabilities over \$300,000 per occurrence must be reinsured by the director, with
 12 the insured entity paying the cost of that reinsurance. In performing the functions authorized by this subsection, the
 14 director is not subject to Title 24-A.
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16 <u>1-B. Rulemaking. The commissioner, with the advice of the director, shall adopt rules to ensure that the fund is adequately</u>
18 <u>funded and that the assets of the fund are protected.</u>

20 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 22 charged for the succeeding fiscal year by the division and make 24 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 26 recommendations from the actuarial firm, the director shall 28 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 30 intention to implement those levels and any reasons for deviations from the recommendations. 32

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Sec. 2. Effective date. This Act takes effect January 1, 1993.

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## STATEMENT OF FACT

40 This bill allows the Risk Management Division to provide insurance advice and services to the elementary and secondary
42 schools of the State. It requires the purchase of reinsurance for liabilities over \$300,000 per occurrence, payment to be made
44 by the insured entity. The bill further requires the Risk Management Division to contract for annual actuarial services and
46 to adopt rules to ensure that the insurance fund is adequately funded and the assets of the fund are protected.

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