

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)



# 115th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1992

---

Legislative Document

No. 2167

H.P. 1534

House of Representatives, January 16, 1992

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 24.

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 CARLETON of Wells.

Cosponsored by Senator BRAUN of Knox, Representative MELENDY of Rockland and Senator KANY of Kennebec.

---

STATE OF MAINE

---

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

---

**An Act Concerning the Operation of the Maine Automobile Insurance Plan.**

---



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

2  
4       **Sec. 1. 24-A MRSA §2325, sub-§2**, as amended by PL 1989, c. 797, §29 and affected by §§37 and 38, is further amended to read:

6           2. Every insurer undertaking to transact in this State the  
8 business of automobile and motor vehicle bodily injury, property  
10 damage liability, physical damage, and medical payments insurance  
12 and every advisory organization which that files rates for such  
14 that insurance shall cooperate in the preparation and submission  
16 of a plan for the equitable apportionment among insurers of  
applicants for insurance who are in good faith entitled to, but  
who are unable to procure through ordinary methods, such  
insurance. Administration of the plan is the responsibility of  
the plan member insurers subject to regulatory oversight by the  
bureau. The plan shall ~~must~~ provide:

18           A. Reasonable rules governing the equitable distribution of  
20 risks by direct insurance, reinsurance or otherwise and  
their assignment to insurers;

22           B. Rates and rate modifications applicable to such risks,  
24 which shall ~~may~~ not be excessive, inadequate or unfairly  
discriminatory;

26           C. The limits of liability which ~~that~~ the insurer shall ~~be~~  
28 is required to assume, except that the maximum amount of  
physical damage coverage for commercial type vehicles shall  
30 must be determined by the superintendent based on the  
current cost of new vehicles but not to exceed a maximum  
32 amount of \$100,000; and

34           D. A method whereby applicants for insurance, insureds and  
36 insurers may have a hearing on grievances and the right of  
appeal to the superintendent.

38       **Sec. 2. 24-A MRSA §2325, sub-§3**, as amended by PL 1989, c. 797, §30 and affected by §§37 and 38, is further amended to read:

40           3. The plan referred to in subsection 2 shall ~~must~~ be filed  
42 in writing with the superintendent. The superintendent shall  
44 review the plan as soon as reasonably possible after filing in  
order to determine whether it meets the requirements set forth in  
46 subsection 2, paragraphs A, B, C and D. The plan, unless sooner  
48 approved in writing, shall ~~must~~ be on file for a waiting period  
of 30 days before it becomes effective. The plan shall ~~be~~ is  
deemed approved unless disapproved by the superintendent within  
the waiting period.

50           Subsequent to the waiting period, the superintendent may  
52 disapprove the plan on the grounds that it does not meet the  
requirements set forth in subsection 2, paragraphs A, B, C and D,

2 but only after a hearing held upon not less than 10 days' written  
3 notice to every insurer and advisory organization affected,  
4 specifying the matters to be considered at such the hearing, and  
5 only by an order specifying in what respect the superintendent  
6 finds that the plan fails to meet such the requirements, and  
7 stating when within a reasonable period thereafter the plan shall  
8 be is deemed no longer effective. Such That order shall does not  
9 affect any assignment made or policy issued or made prior to the  
10 expiration of the period set forth in the order. Amendments to  
11 the plan shall must be prepared, filed and reviewed in the same  
12 manner as herein provided in this subsection with respect to the  
13 original plan.

14 The superintendent may, as necessary and in accordance with the  
15 Maine Administrative Procedure Act, initiate rulemaking with  
16 respect to the plan.

18 **Sec. 3. 24-A MRSA §2325, sub-§§6 and 7** are enacted to read:

20 6. The maximum limits of liability insurance offered by the  
21 Maine Automobile Insurance Plan for a personal automobile policy  
22 may not be less than \$250,000 per person for bodily injury  
23 liability, \$500,000 per occurrence for bodily injury liability  
24 and \$100,000 for property damage liability. A combined single  
25 limit of \$500,000 may be offered as an alternative to the  
26 mandatory split limits for bodily injury liability and property  
27 damage liability.

28 7. When a notice of cancellation for nonpayment of premium  
29 is issued by the Maine Automobile Insurance Plan or by an insurer  
30 to which the insured has been assigned by the plan, any premium  
31 paid by the insured but unearned within the policy term must be  
32 returned to the insured within 10 days from the effective date of  
33 cancellation.

36 **Sec. 4. 24-A MRSA §2422, sub-§3** is enacted to read:

38 3. A licensed Maine insurance agent who acts as a producer  
39 for the purpose of accepting applications and deposit premiums  
40 for submission to the Maine Automobile Insurance Plan is, for all  
41 purposes relating to the binding of coverage and servicing of  
42 accounts, considered an agent of the plan. Premiums paid to an  
43 agent or broker are regarded as premiums paid to the plan.

#### 46 STATEMENT OF FACT

48 This bill clarifies the law as interpreted by the Bureau of  
49 Insurance to address several consumer problems regarding the  
50 assigned risk plan for auto insurance.  
51