

MAINE STATE LEGISLATURE

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Mr
RDS

L.D. 1349

DATE: 5-12-97

(Filing No. H-446)

BANKING AND INSURANCE

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H.P. 969, L.D. 1349, Bill, "An Act to Reduce Insurance Premiums by Discouraging Insurance Fraud"

Amend the bill by striking out all of section 2 and inserting in its place the following:

'Sec. 2. 24-A MRSA §2183, sub-§3 is enacted to read:

3. Recovery costs. In a civil action in which it is proven that a person committed a fraudulent insurance act, the court may award reasonable attorney's fees and costs to the insurer. In a civil action in which the insurer alleges that a party committed a fraudulent insurance act that is not established at trial, the court may award reasonable attorney's fees and costs to the party if the allegation is not supported by any reasonable basis of law or fact.'

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

This bill may increase the number of civil suits filed in the court system. The additional workload and administrative costs associated with the minimal number of new cases filed can be absorbed within the budgeted resources of the Judicial Department. The collection of additional filing fees may also increase General Fund revenue by minor amounts.'

COMMITTEE AMENDMENT

SUMMARY

This amendment replaces the requirement in the bill that the court award attorney's fees and costs to the prevailing party in a civil action in which it is proven that a fraudulent insurance act was committed. It gives the court discretion to award attorney's fees and costs to an insurer that prevails in a civil action. It also allows the court to award attorney's fees and costs to the prevailing party in civil actions in which a fraudulent insurance act is not established at trial if the allegation is not supported by a reasonable basis.

The amendment also adds a fiscal note.