

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 1540

H.P. 1097

House of Representatives, March 18, 1997

An Act to Establish a State Disaster Relief Trust Fund.

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

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative KERR of Old Orchard Beach.
Cosponsored by Representatives: BRENNAN of Portland, ROWE of Portland, TOWNSEND of Portland, TUTTLE of Sanford.

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

4 Sec. 1. 37-B MRSA §745 is enacted to read:

6 **§745. Disaster Relief Trust Fund**

8 1. Fund established. There is established the Disaster
Relief Trust Fund, in this section referred to as the "fund," to
be administered by the agency. The fund contains the proceeds of
10 the surcharge deposited under subsection 2 and other funds
received by the agency for purposes of disaster relief.

12 2. Surcharge. An annual surcharge is imposed as described
14 in this subsection on insurance policies issued or renewed after
November 1, 1997.

16 A. The surcharge is \$2 on each homeowner's or home contents
18 insurance policy.

20 B. The surcharge is \$4 on each commercial fire, commercial
multiple peril or business owner's property insurance policy.

22 C. The surcharge must be paid by the policyholder to the
24 insurer. The insurer shall collect the surcharge and remit
it to the Treasurer of State who shall deposit all amounts
26 received to the fund.

28 D. The surcharge is not part of the premium of the
30 insurer. Nonpayment of the surcharge by the insured is a
valid reason for cancellation of the insurance policy.

32 3. Use of fund. The fund may be used for the following
34 purposes:

36 A. For grants to municipalities and other eligible agencies
for disaster recovery projects in accordance with agreements
38 between the State Government and the Federal Government; or

40 B. To provide disaster relief to municipalities for a
localized disaster when the statewide impact is not
42 sufficient to receive federal disaster assistance.

44 **SUMMARY**

46 This bill establishes a disaster relief trust fund to be
48 administered by the Maine Emergency Management Agency to match
federal disaster assistance funds and provide other local
disaster assistance. The trust fund is funded by a surcharge on
50 homeowners' and business property insurance policies.