

MAINE STATE LEGISLATURE

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MAJORITY
BANKING AND INSURANCE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1593, L.D. 2222, Bill, "An Act to Revise and Update the Charter of the Maine Employers' Mutual Insurance Company in Furtherance of its Mission"

Amend the bill in section 3 in subsection 1 by striking out all of the last underlined sentence (page 1, lines 45 to 47 in L.D.) and inserting in its place the following: 'The company may form or acquire subsidiary insurers in other states that are authorized to write only workers' compensation insurance and employers' liability insurance. The superintendent may not authorize a subsidiary insurer formed or acquired by the company to write any line of insurance in this State.'

Further amend the bill in section 5 in subsection 5 in the first paragraph in the last line (page 2, line 28 in L.D.) by inserting after the following: "officer." the following: 'The reduction in the number of board members from 13 to 9 must be done by attrition. The first 4 appointments to expire after September 1, 1998 may not be filled.'

Further amend the bill by striking out all of section 12 and inserting in its place the following:

'Sec. 12. 24-A MRSA §3713, as enacted by PL 1991, c. 885, Pt. C, §8, is amended to read:

§3713. Authority to contract with licensed producers

~~The president may enter into contracts, as directed by the board as provided for in this chapter. The divisions may enter into contracts within the scope of their authority for servicing as provided in this chapter and in accordance with the standards adopted by the board. The board shall, by rule or by the plan of~~

COMMITTEE AMENDMENT

operation,--specify--the--requirements--for--and--standards--by--which
contracts--are--issued.---Awarding--of--contracts--must--be--based--on
price,--qualification--of--the--contractor--or--subcontractors--and--the
quality--and--extent--of--services--to--be--provided--and--is--not--limited
to--licensed--insurance--carriers.---Servicing--contracts--for--safety
engineering,--loss--prevention,--claim--management,--premium--audit--and
other--functions--when--there--are--multiple--qualified--contractors--may
be--divided--upon--a--geographical--or--other--basis--if,--in--the--judgment
of--the--governing--committee--of--the--division,--those--distributions
are--in--the--best--interest--of--policyholders. The company may
contract with licensed general-lines-insurance-agents producers
to submit applications and otherwise assist applicants and
insureds.'

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

FISCAL NOTE

The Bureau of Insurance within the Department of
Professional and Financial Regulation will incur some minor
additional costs to review new rate filings submitted by the
Maine Employers' Mutual Insurance Company. These costs can be
absorbed within the bureau's existing budgeted resources.'

SUMMARY

This amendment clarifies that subsidiary insurers formed or
acquired by the Maine Employers' Mutual Insurance Company may not
be authorized to write any line of insurance in this State. The
amendment clarifies that the reduction in the size of the board
of directors must be done through attrition. The amendment
retains the authority of the company to contract with licensed
producers.

The amendment also adds a fiscal note to the bill.