

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

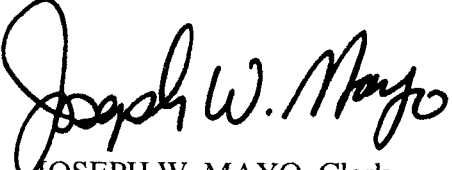
No. 1151

H.P. 828

House of Representatives, February 9, 1999

**An Act to Authorize the Department of Defense, Veterans and
Emergency Management to Establish a Disaster Relief Trust Fund.**

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


JOSEPH W. MAYO, Clerk

Presented by Representative McALEVEY of Waterboro.
Cosponsored by Senator LIBBY of York and
Representatives: O'NEIL of Saco, SCHNEIDER of Durham.

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

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

§745. Disaster Relief Trust Fund

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 the surcharge deposited under subsection 2 and other funds received by the agency for purposes of disaster relief.

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

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

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

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

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

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

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

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

SUMMARY

This bill establishes a disaster relief trust fund to be 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 homeowners' and business property insurance policies.