

MAINE STATE LEGISLATURE

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DATE: *January 24, 2002* (Filing No. S- 402)

APPROPRIATIONS AND FINANCIAL AFFAIRS

Reported by:

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**STATE OF MAINE
SENATE
120TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "**B**" to S.P. 268, L.D. 915, Bill, "An Act to Amend the Maine Insurance Guaranty Association Act"

Amend the bill in section 5 in subsection 4 in the 5th line from the end (page 2, line 26 in L.D.) by striking out the following: "\$10,000,000" and inserting in its place the following: '\$25,000,000'

Further amend the bill in section 8 in paragraph A in subparagraph (2) in the first line (page 3, line 21 in L.D.) by striking out the following: "\$10,000" and inserting in its place the following: '\$25,000'

Further amend the bill in section 8 in paragraph A in the 4th line from the end (page 3, line 35 in L.D.) by striking out the following: "18" and inserting in its place the following: '24'

Further amend the bill in section 8 in paragraph A in the last line (page 3, line 38 in L.D.) by inserting after the following: "insurer" the following: '. The association, in its discretion, may accept a late filed claim as a covered claim when the claimant demonstrates good cause. The demonstration of good cause by a claimant includes showing that the existence of the claim was not known to the claimant prior to the bar date and that the claimant filed the claim within 60 days of learning of the claim'

Further amend the bill by striking out all of section 9.

Further amend the bill in section 11 in paragraph A by inserting at the end the following new sentence: 'Any'

COMMITTEE AMENDMENT

2 notification given under this paragraph must prominently display
3 the date by which all claims must be filed with the association.'

4 Further amend the bill by striking out all of section 12.

6 Further amend the bill in section 13 in the last line (page
5, line 3 in L.D.) by inserting after the following: "Act" the
8 following: ', except that the first-party exclusion contained in
Title 24-A, section 4435, subsection 4; the unearned premium cap
10 and the bar date contained in Title 24-A, section 4438,
subsection 1, paragraph A; and the right of intervention
12 contained in Title 24-A, section 4438, subsection 2, paragraph C
apply only to new insolvencies occurring on or after the
14 effective date of this Act'

16 Further amend the bill by relettering or renumbering any
nonconsecutive Part letter or section number to read
18 consecutively.

20 **SUMMARY**

22 This amendment makes the following changes to the bill.

24 1. It excludes from the definition of "covered claims" any
26 first-party claims of an insured whose net worth exceeds
\$25,000,000.

28 2. It changes the cap on unearned premium to \$25,000.

30 3. It establishes a bar date for filing covered claims of
32 the earlier of 24 months after the order of liquidation or the
final date set by a court and allows the Maine Insurance Guaranty
34 Association to accept the late filed claims as covered claims for
good cause.

36 4. It requires that notification of an insolvency to
38 insureds and other interested parties by the Maine Insurance
Guaranty Association include prominent notice of the date by
40 which a claim must be filed with the association.

42 5. It eliminates the premium tax offset from the bill.

44 6. It clarifies the applicability provision.