

MAINE STATE LEGISLATURE

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DATE: 2/12/04

(Filing No. H-694)

INSURANCE AND FINANCIAL SERVICES

Minority

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
SECOND SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 1315, L.D. 1793, Bill, "An Act To Amend the Law Relating to Insurance Contracts"

Amend the bill in section 1 in subsection 3 in the first line (page 1, line 5 in L.D.) by inserting after the following: "a" the following: 'commercial' and in the 2nd line from the end (page 1, line 8 in L.D.) by inserting after the following: "by" the following: 'international' and in the last line (page 1, line 9 in L.D.) by striking out the following: "2331" and inserting in its place the following: '2331(1)'

SUMMARY

This amendment is the minority report of the committee. The amendment clarifies that the exclusion for terrorism applies only to commercial fire insurance policies. It also limits the exclusion to acts of international terrorism as defined under federal law.

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT



**121st Maine Legislature
Office of Fiscal and Program Review**

LD 1793

An Act To Amend the Law Relating to Insurance Contracts

LR 2536(02)

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

Fiscal Note

Potential current biennium cost increase - General Fund

Fiscal Detail and Notes

The current property insurance policy covering state buildings includes fire insurance coverage following an act of terrorism. This bill will allow fire insurance policies to exclude fire insurance coverage as a noncovered peril under the state's standard fire insurance policy laws. Given this proposed change, the state will need to determine whether it would be cost effective to obtain additional insurance coverage as defined by the Terrorism Risk Insurance Act. The cost of the so called TRIA coverage offered by the current insurer is estimated to be approximately \$115,000 annually and would be passed on to departments and agencies throughout state government through increased premiums charged by Risk Management in the Department of Administrative and Financial Services. The General Fund share of these projected increased costs is estimated to be approximately 35% of the total, or \$40,250.