

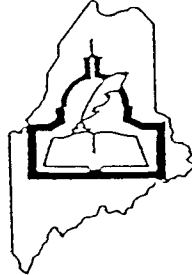
# MAINE STATE LEGISLATURE

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**STATE OF MAINE  
114TH LEGISLATURE  
SECOND REGULAR SESSION**



**BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE**

**JUNE 1990**

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**One Hundred and Fourteenth Legislature  
Second Regular Session**

**Joint Standing Committee  
Bill Summaries**

**June 1990**

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The summaries are arranged by LD number for each committee.

All Adopted Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action is listed to the right of the title. Committee Reports and Floor Action are abbreviated as follows:

OTP	Ought to Pass
OTP-ND	Ought to Pass in New Draft
OTP-ND-NT	Ought to Pass in New Draft, New Title
OTP-A	Ought to Pass as Amended
ONTP	Ought Not to Pass
LVWD	Leave to Withdraw
INDEF PP	Indefinitely Postponed

Each individual summary was prepared by the analyst or analysts assigned to the committee. But, this document was produced by the efforts of all the office staff, including secretaries: Charlene Raymond, and Valarie Parlin, and especially Laurette Knox who coordinated preparation of the overall document.

Please give us your suggestions and comments on these summaries and tell us of any inaccuracies.

the property, minus physical depreciation, as determined according to standard business practice. The bill would have removed reference to physical depreciation, and provided that actual cash value is the replacement cost of the property.

**LD 2162**      **An Act to Prohibit Motor Vehicle Insurers from Adjusting Personal Insurance Rates of Certain Public Employees**      **PUBLIC 737**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>	<b>AMENDMENTS ADOPTED</b>
COLLINS RYDELL WHITMORE	OTP	H-881    RYDELL

**SUMMARY**

The bill prohibits insurers from increasing the personal auto insurance rates of a law enforcement officer for an accident in the course of employment if the vehicle used in that employment is insured on another policy.

The House Amendment (H-881) makes technical clarifications.

**LD 2163**      **An Act to Amend the Laws Relating to the Maine Insurance Guaranty Association and the Maine Life and Health Insurance Guaranty Association (Reported Pursuant to Public Law 1989, chapter 67)**      **PUBLIC 751**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>	<b>AMENDMENTS ADOPTED</b>
	OTP	

**SUMMARY**

This is one of 2 bills containing the recommendations of the Banking & Insurance Committee's Subcommittee to Study the Current Operation of Insurance Guaranty Funds. This bill changes the laws governing the Maine Insurance Guaranty Association and the Maine Life and Health Insurance Guaranty Association.

The bill eliminates certain coverage of the guaranty associations, provides for continuation of the special assessment authority enacted in Public Law 1989, chapter 67, and requires the Joint Standing Committee on Banking and Insurance in 1993 to review this bill and the 1989 laws.

The bill also requires both associations to immediately notify the Joint Standing Committee on Banking and Insurance of any "spillover" assessment, and to report annually to the Legislature on the assessments made by the association.

**LD 2167**      **RESOLUTION, Proposing an Amendment to the Constitution of Maine to Ensure the Financial Integrity of Any Public Mutual Insurance Company Established to Provide Workers' Compensation Insurance to Employers in This State (Reported Pursuant to a Study Authorized by the Legislative Council)**      **LV/WD**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>	<b>AMENDMENTS ADOPTED</b>
	LV/WD	

**SUMMARY**

This resolution is part of the legislation submitted as a result of a study on the feasibility of creating a state workers' compensation insurance fund, conducted by a subcommittee of the Banking and

Insurance Committee. The resolution proposes a constitutional amendment to prevent the State from seizing funds belonging to the proposed Maine State Insurance Fund. The amendment would ensure that money held by the proposed Maine State Insurance Fund is used solely for its proper purposes.

**LD 2171      An Act to Amend the Workers' Compensation Insurance Laws      PUBLIC 780**  
**(Reported Pursuant to a Study Authorized by the Legislative      EMERGENCY**  
**Council)**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>	<b>AMENDMENTS ADOPTED</b>
	OTP-AM	H-904
		H-914    TAMMARO

**SUMMARY**

This is one of four bills submitted as a result of the study on the feasibility of creating a state workers' compensation insurance fund, conducted by a subcommittee of the Banking & Insurance Committee. This bill makes changes to the workers' compensation laws relating to the residual market and to "fresh start."

The bill changes the law so that employers in the Accident Prevention Account will not become subject to premium surcharge penalties or mandatory deductibles as a result of a single large loss. The bill also increases from \$12,000 to \$20,000 the threshold premium level at which the mandatory deductible will be applied, and requires the Superintendent to adjust the threshold to take into account changes in rates.

The bill also clarifies that employers who were in the insurance market in the year for which a deficit or surplus is determined in a "fresh start" proceeding, but who later became self-insured or join an approved group self-insurance plan, are subject to any surcharge for deficits arising in the years they were insured. Finally, the bill requires a workers' compensation insurance carrier to provide an employer with at least 30 days' notice of any impending increase in premium.

The Committee Amendment (H-904) changes the deadline for the Superintendent of Insurance to make a determination in the "fresh start" proceedings from the current statutory requirement of March 15th to the earlier of June 1st or the date the Superintendent issues a decision in any filing of a rate change request pending before the Superintendent on January 1. The amendment also clarifies the calculation of the surcharge for employers who were insured in the policy year that creates a deficit but who are self-insured in the year a surcharge is ordered, and exempts self-insureds from any surcharge ordered in 1990.

The House Amendment (H-914) makes a technical correction.

**LD 2178      An Act to Extend the Sunset and to Evaluate the Motor      PUBLIC 824**  
**Vehicle Insurance Laws (Reported Pursuant to a Study      EMERGENCY**  
**Authorized by the Legislative Council)**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>	<b>AMENDMENTS ADOPTED</b>
	OTP-AM	S-588
		S-598    THERIAULT

**SUMMARY**

This bill was a result of a study of compensation of victims of uninsured motorists by a subcommittee of the Joint Standing Committee on Banking and Insurance.

Prior to 1988, Maine law did not require motor vehicle liability insurance except when persons were involved in reportable accidents or convicted of moving violations. On January 1, 1988, a more stringent law took effect, requiring every operator or owner to maintain motor vehicle liability insurance. If an