

# MAINE STATE LEGISLATURE

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*State Of Maine  
121st Legislature*

*First Regular Session*

*Bill Summaries*

*Joint Standing Committee  
on  
Insurance and Financial Services*

*July 2003*

**Members:**

*Sen. Lloyd P. LaFountain III, Chair*

*Sen. Neria R. Douglass*

*Sen. Arthur F. Mayo III*

*Rep. Christopher P. O'Neil, Chair*

*Rep. Marilyn E. Canavan*

*Rep. Joseph C. Perry*

*Rep. Bonita J. Breault*

*Rep. Anne C. Perry*

*Rep. Kevin J. Glynn*

*Rep. Florence T. Young*

*Rep. Lois A. Snowe-Mello*

*Rep. Michael A. Vaughan*

*Rep. Richard G. Woodbury*

**Staff:**

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# Maine State Legislature



## Office Of Policy And Legal Analysis Office Of Fiscal And Program Review

### 121st Maine Legislature First Regular Session

#### Summary Of Legislation Before The Joint Standing Committees

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing and joint select committees of the Maine Legislature this past session. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills considered by the committees. It is arranged alphabetically by committee name and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet ([www.state.me.us/legis/opla](http://www.state.me.us/legis/opla)).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

<i>CARRIED OVER PURSUANT TO HP 1212</i> .....	<i>Bills carried over to the 2<sup>nd</sup> Regular Session</i>
<i>CON RES XXX</i> .....	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i> .....	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN BODIES</i> .....	<i>House &amp; Senate disagree; bill died</i>
<i>DIED IN CONCURRENCE</i> .....	<i>One body accepts ONTP report; the other indefinitely postpones the bill</i>
<i>DIED ON ADJOURNMENT</i> .....	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i> .....	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT/FINAL PASSAGE</i> .....	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</i> .....	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i> .....	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>NOT PROPERLY BEFORE THE BODY</i> .....	<i>Ruled out of order by the presiding officers; bill died</i>
<i>INDEF PP</i> .....	<i>Bill Indefinitely Postponed</i>
<i>ONTP</i> .....	<i>Ought Not To Pass report accepted</i>
<i>OTP-ND</i> .....	<i>Committee report Ought To Pass In New Draft</i>
<i>P&amp;S XXX</i> .....	<i>Chapter # of enacted Private &amp; Special Law</i>
<i>PASSED</i> .....	<i>Joint Order passed in both bodies</i>
<i>PUBLIC XXX</i> .....	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i> .....	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i> .....	<i>Bill held by Governor</i>
<i>VETO SUSTAINED</i> .....	<i>Legislature failed to override Governor's Veto</i>

Please note that the effective date for all non-emergency legislation enacted in the First Regular Session (unless otherwise specified in a particular law) is September 13, 2003.

**David C. Elliott, Director**  
Offices located in Room 215 of the Cross Office Building

## *Joint Standing Committee on Insurance and Financial Services*

risk at a time when insurers are facing significant increases in reinsurance costs. The bill is substantially similar to the National Association of Insurance Commissioners' Special Purpose Reinsurance Vehicle Model Act and would permit insurers access to special purpose reinsurance vehicles in a marketplace other than those offshore insurance markets where special purpose reinsurance vehicles are already permitted.

A special purpose reinsurance vehicle is an entity established for the exclusive purpose of facilitating the securitization of the risk of one or more ceding insurers as a means of accessing alternative sources of capital and achieving the benefits of securitization. Investors in fully funded insurance securitization transactions provide funds that are available to the special purpose reinsurance vehicle to secure the aggregate limit under a special purpose reinsurance vehicle contract that provides coverage against the occurrence of a triggering event. The creation of special purpose reinsurance vehicles is intended to achieve greater efficiencies in conducting insurance securitizations, to diversify and broaden insurers' access to sources of risk-bearing capital and to make insurance securitization generally available on reasonable terms to as many insurers as possible.

### *Enacted Law Summary*

Public Law 2003, chapter 249 permits establishment of special purpose reinsurance vehicles and establishes a regulatory framework for the oversight of activities related to special purpose reinsurance vehicles. Special purpose reinsurance vehicles provide insurers an option other than standard reinsurance as a possible method of transferring risk.

### **LD 1601**

### **An Act To Authorize the Superintendent of Insurance To Establish a Fair Access to Insurance Requirements Plan CARRIED OVER**

Sponsor(s)  
MAYO  
O'NEIL

Committee Report

Amendments Adopted

LD 1601 proposes to authorize the Superintendent of Insurance to establish a Fair Access to Insurance Requirements Plan, or FAIR Plan, under certain circumstances, if the superintendent determines, after a public hearing, that in all or any part of the State residential property insurance is not reasonably available in the voluntary market to a substantial number of insurable risks. The FAIR Plan would be developed and administered by the FAIR Plan Association, a nonprofit association appointed by the superintendent that includes members from the insurance industry and the public. The FAIR Plan Association would develop and administer a program for participation by all licensed insurers writing residential property insurance in this State that would make residential property insurance available to applicants in underserved areas whose property is insurable in accordance with reasonable underwriting standards but who, after diligent efforts, are unable to procure such insurance through the voluntary market, as evidenced by 2 declinations from insurers actually writing residential property insurance in this State.