



HOUSE OF REPRESENTATIVES

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March 18, 2025

Testimony in support of:

LD918, "An Act to Allow a Qualifying Religious Organization to Self-insure for Automobile Insurance"

Joint Standing Committee on Health Coverage, Insurance, and Financial Services

Senator Bailey, Representative Gramlich, and distinguished members of the Committee on Health Coverage, Insurance, and Financial Services. I'm Steve Foster, State Representative for House District 32, which includes the towns of Charleston, Dexter, Exeter, Garland, Stetson and a part of Bradford. I stand before you today to present LD918, "An Act to Allow a Qualifying Religious Organization to Self-insure for Automobile Insurance" and ask for your support.

To begin, I'd like to provide the committee with some background on this bill and why I'm submitting it again in the 132nd Legislature.

In early 2019, members of a local Mennonite church came to me looking for relief from the requirement to purchase commercially available auto insurance by becoming self-insured, as they were able to do in several other states. In the fall I submitted a bill request (LR2720) and supportive documentation to the Legislative Council to address the matter in the 2nd session of the 129th Legislature. My request was turned down.

In the 130th Legislature, after more research, I submitted a bill (LD1063) before cloture, which was heard by HCIFS by ZOOM with very few questions asked. At the ZOOM work session, with little or no discussion, the bill was quickly voted out ONTP.

So, in the 131st Legislature, I did more research and submitted LD1004. During the bill hearing and work session, there seemed to be more interest in the reasons for the legislation, similar statutes in other states, and the Mennonite's situation in Maine. However, the bill was again voted out ONTP on May 23rd, moved ONTP in the House on May 25th, and then tabled.

The tabling motion and supporting vote were made following my floor speech against the pending ONTP motion, which I've provided a copy of for the committee. As it covers many of the details still important to the bill before you today, I ask that you take a few minutes to read through it as you consider LD918.

In the next few days, after meeting with then Committee Chair, Rep. Anne Perry and Secretary Shenna Bellows, they suggested putting forth a House Amendment to form a working group to see if an accommodation could be reached for the Mennonites. On June 15th, Rep. Perry moved LD1004 ONTP, which received a unanimous No vote. She then offered House Amendment 478, which was adopted. However, when it reached the Senate, the bill was voted ONTP and on 6/20, it died between the bodies. I've provided you a copy of Rep. Perry's amendment.

Although the Resolve did not pass in the Senate, Sec. Bellows suggested we didn't need direction from the Legislature to form the working group and carry out its intent. With that, Rep. Perry, Sec. Bellows, and I began putting the working group together. With summer vacations and other conflicts, the first meeting was held on Nov. 13th, a second on Dec. 12th, and a third on Jan. 22nd. At the time, things seemed to be progressing well. Later I was told that the next meeting might be delayed while the new Superintendent of Maine Bureau of Insurance, nominated on Feb. 8th, got settled in. Except for a few emails and hall way discussions indicating a next meeting was still being considered, Legislative adjournment soon arrived and 2024 passed by with no further discussions. Thus, the reason for submitting this bill.

In addition to details included in the floor speech for LD1004 in the 131st applicable to this bill and the information representatives of the Mennonites will provide, I'd like to make a couple of additional points.

As is the case in many other states, this legislation would require proof of financial responsibility to the Secretary of State. This bill sets the bounds for certain financial obligations, including financial solvency, previous financial responsibility, and prompt payment of any judgements. It includes restrictions and permissions which hold to current Maine motor vehicle law, with minimums that must be met prior to the Secretary of State granting a Certificate of Self-insurance. It is written with more restrictive language than any of the other states allowing a similar opportunity.

It should be made clear that responsibility for approving the money or securities required in section 2 of the bill lies with the State Treasurer as referenced (to section 1605, ss3&4). It is also important to understand that no state official is required to act as an insurance adjuster, as no monies are paid out of the deposited monies or securities. Those self-insured are required to meet all financial judgements within 30 days of a judgement from their own finances. Should they fail to do so, section 5.B. would allow the Secretary of State to terminate the ability for the organization to self-insure, hold the funds until the judgement is satisfied, and only pay from the funds the amount of the judgement if not satisfied. The reason similar programs have been able to continue in other states after many years is because the Mennonites take care of the payments without failure.

Finally, last week I spoke with a representative of the Maine ACLU regarding this bill, to get their thoughts on it and whether they might support it, or not. I mentioned the recent bills passed based on religious beliefs regarding hunter orange and loan interest. I was told they normally only get involved with issues similar to those, where a certain religion has a particular issue that the government may not be accommodating. They wouldn't likely do so in a situation addressing all religions, as this bill does.

When I first put a bill request together in 2019, I specified it would apply only to the Mennonites, as I'd seen done in some other states. It was suggested to me I might have better results if I broadened it to include all religions, even though I didn't know of any others with similar beliefs at that time. After more than six years of looking at this issue, I am most confident that the Mennonites are the only religious group in this State with a tenant of their faith that makes them willing to meet the requirements of LD918, avoid utilizing group auto insurance, and pay all claims themselves. With that in mind, after a bit more research, I may come back to the work session with an amendment to change the bill to address this particular issue unique to this certain religious group.

I'm happy to answer any questions you may have. Thank you for your time and consideration of this important matter.

Sincerely,
Steve Foster
State Representative

Madam Speaker, Ladies and Gentlemen of the House,

Currently, Ohio, Tennessee, Illinois, Missouri, Georgia, Wyoming, N. Carolina, Massachusetts, Vermont, Texas, Kentucky, W. Virginia, Pennsylvania, Indiana, Florida, Virginia, Iowa, and Maryland all offer some form of accommodation that allows a religious group to self-insure automobiles. LD1004 would make that opportunity available to Mennonites who've settled in Maine from some of these 18 states the last several years.

Mennonites believe they are to provide for their own and that they must stay from "under the yoke" of the government or insurance companies and not depend on others outside of their faith to provide for them.

The number of Mennonites in Maine is low compared to other regions of the country. The members of the local group in central Maine currently own about 15 vehicles. Members of another group in Brownfield own up to 70. I'm not aware of others, but the number of Mennonites relocating to Maine from other states has been growing. In the communities where they settle, they are recognized for their honesty, hard work, integrity, and self-reliance. They are good neighbors who care for their families, keep up their properties, and improve their farm land, often purchasing old farms that have been abandoned to that use. They pay their taxes and provide for others in need while asking for no help from the government. Their conviction to provide for their own financially expands beyond their local group to others in Maine and beyond state borders when needed.

Current Maine statute allows any person or group to self-insure, but requires they provide proof of financial responsibility of \$175,000 for each insured vehicle. LD1004 would allow a qualifying religious group to self-insure multiple vehicles starting at a higher amount, with increases depending on the total number of vehicles covered. A few of the many requirements of LD1004 include:

- Recognition by the Federal Government as an eligible religious group by meeting Internal Revenue Code regulations, opting out of Social Security, Medicare, and other government benefit programs, as these folks have done.
- Demonstration of past and present financial solvency.
- Depositing with the State an irrevocable letter of credit or deposit of money and securities of \$250,000 for 5 to 10 vehicles and \$5k for each additional vehicle, with no upper limit.

If passed, this bill would be as restrictive and more financially burdensome than any other state offering this opportunity. The Mennonites by this bill are committed to pay any and all damages or claims resulting from any auto accidents from their own financial holdings. Should they fail to do so within 30 days of a judgement, the opportunity to self-insure may be revoked by the Secretary of State and the deposited funds held until payment is made. Should the payment not be made, the deposited funds would be used to do so.

There is only one reason Mennonites continue to have this opportunity for many years in other states. It's because they have not failed to cover claims when they occurred and that is true even today in the state of Maine for the very few claims and issues they've had here.

In the 128th Legislature LD 426, An Act to Allow Hunters Whose Religion Prohibits Wearing Hunter Orange Clothing to Instead Wear Red was introduced.

Mr. Tim Peabody, Deputy Commissioner of the Maine Department of Inland Fisheries and Wildlife, testified in support of L.D. 426 and wrote, "The department supports L.D. 426 as it provides visibility for a hunter and a choice for persons who have a religious opposition to wearing hunter orange."

The bill sponsor's testimony, Representative David H. McCrea, included, "It is also my understanding that under no circumstances will this group wear hunter orange. I see this religiously based belief and our current State of Maine Statute requiring the wearing of hunter orange on a collision course. I have attached a copy the Religious Freedom Restoration Act passed by the first session of the 103rd United States Congress in 1993." The sponsor went on to

write, "How many times have we been made aware of the fact that many of the early European settlers of our land came here so that they could escape religious persecution and practice their faith as they so desired. In a small way, and with this bill, we as legislators have an opportunity to stand a little bit taller and cast our vote in support of religious freedom." By the way, the bill was co-sponsored by then Sen. Shenna Bellows.

HR 1308, the Religious Freedom Restoration Act of 1993 sponsored by Rep. Charles E. Schumer, prohibits any agency, department, or official of the United States or any State (the government) from substantially burdening a person's exercise of religion even if the burden results from a rule of general applicability, except that the government may burden a person's exercise of religion only if it demonstrates that application of the burden to the person: (1) furthers a compelling governmental interest; and (2) is the least restrictive means of furthering that compelling governmental interest.

Rep. McCrea in his testimony also stated, "I feel that failure to do so will almost certainly lead to a legal confrontation between the state of Maine and this group of Amish people, a battle that is absolutely unnecessary and one that can almost certainly be resolved in exactly the same manner that LD 426 aims to prevent."

Madam Speaker, I will say that this was not a consideration for the Mennonites that I represented in this bill. They are a non-litigious people. They don't believe in suing the government, their neighbors, or anyone else, which is one of the reasons they require their members to not have insurance beside the fact that they would be depending on the rest of us to help pay any claims, whether medical, homeowners, or in this case automotive insurance they may have.

In the 131st Legislature, LD1277- An Act to Amend the Laws Regarding Property Investment by Credit Unions was introduced. In the sponsor's testimony, Sen. Rotundo wrote, "Sharia-compliant financing is financing activity that complies with Islamic law. This law prohibits *riba*, which can be defined as interest paid on all loans of money or interest received from a deposit account. Some religious practices within the Muslim community forbid *riba* as it is seen as an unethical practice. According to the website Investopedia, Islam aims to promote charity and helping others through kindness [and to] remove sentiments of selfishness and self-centeredness, which can create social antipathy, distrust, and resentment. By making *riba* illegal, Sharia law creates opportunities and contexts in which people are encouraged to act charitably, loaning money without interest. This means that many credit union customers within our Muslim community are not afforded the same opportunities to purchase land, businesses or homes unless they choose to violate their religious beliefs."

Testifying in support, Krista Simonis, Director of Governmental Affairs at the Maine Credit Union League, wrote, "Some religious practices within the Muslim community forbid the payment of interest, or *riba*. With traditional models of banking, this leaves many without access to the capital needed to buy homes, expand businesses, or even hold savings accounts. Our credit unions have worked with their communities when possible to provide products, like savings accounts, that respect religious beliefs and still provide access to services. However, current law does not allow for the creation of a mortgage product that would allow credit unions to accomplish this goal."

Testifying neither for nor against, Attorney Gordon Laurendeau of the Bureau of Financial Institutions wrote: "It is the Bureau's understanding that the Maine Credit Union League has been working with the Sponsor on this proposal, which is intended to make it easier for credit unions to assist those members seeking alternative mortgage products due primarily to the member's religious prohibitions against paying interest on loans." He went on to say, "The Bureau supports the general concept of making home ownership available to more Mainers, and is willing to work with the Sponsor, Committee, and industry stakeholders to develop legislation that will achieve this goal."

Madam Speaker, that bill, I believe yesterday, was passed out of committee unanimously OTP.

Within a couple of days of the committee vote of ONTP for the bill I sponsored, I began getting questions from area residents telling me they heard their neighbors were leaving the state and wondering why. The first was my town manager who said, "I understand the Mennonites are packing up. They need to leave town." He asked why and I explained it to him. During the committee hearing they were not inclined to threaten that they might leave the state

if this bill was not passed, because of the type of people they are and their faith. However, when one of the committee members from the other side of the aisle asked me during the work session, "Representative, what do you think will happen if we don't pass this bill?" I told them, "I think they will probably leave the state."

Others of my constituents who've visited their businesses, hired them to do carpentry work, saw out logs they'd cut, or butcher their deer or cattle have also asked why they're leaving which I've explained to them. With no threat of leaving the state during the bill hearing, they have begun the process of finding a new area to call home. As a matter of fact, the first day I drove back to Augusta, as I went by one of their brand new buildings they erected a couple of years ago for the opportunity to build sheds and other buildings inside for sale to the public, I noticed a small "For Sale" sign on their signboard out front. This morning when I rode by they had a brokerage sign on that business.

I will remind folks that although they decided they did not want to pursue the litigation route on this, it is clear what Federal law says.

And lastly, I will address the fiscal note put forward by the Secretary of State who opposed the bill. It is unexplainable how her office would need three people to administer such a program. Once this money is set aside for protection of us should something happen and they don't pay, it is held for up to six years should they leave Maine or cease the program. Not only that, should they violate even once the program guidelines, the Secretary of State has the ability and probably would end the program.

Madam Speaker,

This is clearly an issue to keep folks here who want to be in Maine, who pay their own way, who don't take a nickel from the State or Federal Governments, and who support their communities in many ways. They just want to live here in peace and treat others with the same respect they ask for themselves.

Some think this bill is onerous because the Mennonites won't have enough coverage should a major accident occur. If we ourselves have limited coverage, say a half million dollars of liability, we could have an accident on the way home that would have damages going well above that amount. Most of us don't have that amount of coverage.

Madam Speaker, I would ask that you consider all of this as we move to the motion on the floor. I ask that we vote against the pending motion. I especially ask that we consider not only the two bills passed by the Legislature respecting religious liberties in the State of Maine, but others that I have not brought up that may have been passed or defeated in respect of religious freedoms for any other group that we may not be familiar with or understand, but as with us, we respect the opportunity for them to worship and have their religious freedom in the State of Maine as they do in other states.

Thank you Madam Speaker.

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Date: (Filing No. H-)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
FIRST SPECIAL SESSION

HOUSE AMENDMENT “ ” to H.P. 640, L.D. 1004, “An Act to Allow a Qualifying Religious Organization to Self-insure for Automobile Insurance”

Amend the bill by striking out the title and substituting the following:

'Resolve, Directing the Secretary of State to Create a Working Group on Financial Responsibility for Certain Religious Organizations'

Amend the bill by striking out everything after the title and inserting the following:

'Preamble. Whereas, there are religious groups living in the State that, due to their sincerely held beliefs, cannot adhere to traditional methods of vehicle insurance; and

Whereas, the Department of the Secretary of State, Bureau of Motor Vehicles upholds the laws that require all drivers to hold the legally required amount of financial responsibility in the event of an accident; and

Whereas, the need to ensure the safety of all drivers is shared by all stakeholders; now, therefore, be it

Sec. 1. Financial responsibility working group. Resolved: That the Department of the Secretary of State, Bureau of Motor Vehicles shall convene a working group to study financial responsibility, including the feasibility of insurance alternatives, for some religious organizations in accordance with this section.

1. Membership. The Secretary of State shall appoint members to the working group. The working group consists of members listed as follows:

- A. The Secretary of State or the secretary's designee;
- B. The deputy secretary of state for the Bureau of Motor Vehicles or the deputy secretary's designee;
- C. Staff of the Bureau of Motor Vehicles;
- D. The Attorney General or the Attorney General's designee;
- E. The Treasurer of State or the treasurer's designee;
- F. A representative from the Department of Professional and Financial Regulation, Bureau of Insurance;

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- 1 G. A representative from a private insurance company;
- 2 H. A representative of the insurance industry;
- 3 I. Representatives from the Mennonite community; and
- 4 J. A representative of an organization dedicated to the rights of consumers.

5 The Secretary of State may invite other members to participate in the working group to
6 provide additional perspectives, including legislative perspectives.

7 **2. Compensation.** Members of the working group may not be compensated for their
8 work on the working group.

9 **3. Duties.** Duties of the working group include:

- 10 A. Reviewing the State's current insurance requirements for motor vehicles;
- 11 B. Examining and identifying financial responsibility options, including potential
12 alternatives to insurance practices in other states;
- 13 C. Identifying possible changes to statute and any associated resource needs regarding
14 the establishment of alternatives to the State's current insurance program for religious
15 groups whose sincerely held beliefs preclude participation in traditional insurance; and
- 16 D. Making recommendations based on the findings of the working group, with an
17 emphasis on creating an equitable system.

18 **4. Staff assistance.** The Department of the Secretary of State shall provide necessary
19 staffing services to the working group.

20 **5. Report.** The working group shall provide a report by January 15, 2024 containing
21 the findings and recommendations of the working group to the Joint Standing Committee
22 on Health Coverage, Insurance and Financial Services. The Joint Standing Committee on
23 Health Coverage, Insurance and Financial Services may submit legislation to the Second
24 Regular Session of the 131st Legislature based on the recommendations in the report.'

25 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
26 number to read consecutively.

27 **SUMMARY**

28 This amendment replaces the bill with a resolve. The amendment establishes a working
29 group, convened by the Secretary of State, Bureau of Motor Vehicles, to study the financial
30 and vehicle insurance options for certain religious organizations whose sincerely held
31 religious beliefs preclude participation in traditional vehicle insurance.

32 **SPONSORED BY:** _____

33 **(Representative PERRY, A.)**

34 **TOWN: Calais**

HOUSE AMENDMENT