

**LD 368, An Act to Amend the Laws Governing Proof of Financial Responsibility and LD 1063,
An Act to Allow A Qualifying Religious Organization to Self-insure for Automobile Insurance**

SUMMARY:

LD 368 changes the laws governing proof of financial responsibility with respect to motor vehicles by clarifying the process for providing a deposit of money or securities as proof of financial responsibility in lieu of insurance coverage.

The bill also eliminates the ability of a corporation to provide proof of financial responsibility by satisfying the Secretary of State that the corporation has the financial ability to meet the minimum requirements.

LD 1063 provides authorization for qualifying religious organizations to satisfy the requirements for financial responsibility to operate a motor vehicle registered in this State through self-insurance. The bill sets forth the requirements that must be met before the Secretary of State may grant a certificate of self-insurance to a religious organization and its members. This bill authorizes a member of the qualifying religious organization to provide that certificate of self-insurance as evidence of financial responsibility to register a motor vehicle owned or operated by that member.

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CURRENT LAW:

Under current law, an operator or owner of a motor vehicle registered in this State is required to maintain the minimum amounts of motor vehicle financial responsibility. The minimum liability amounts required are a total of \$175,000. The proof of financial responsibility may be demonstrated by an insurance policy that meets the minimum requirements or in one of 3 ways: (1) by filing a certificate from an insurance or surety company; (2) by the deposit of money or securities; or (3) for a corporation, by satisfying the Secretary of State that the corporation has financial ability to comply with the minimum requirements. See [29-A MRSA Section 1605](#).

TESTIMONY: Written testimony can be found at this [link](#)

ISSUES FOR CONSIDERATION:

1. Although statutory authority for deposit of money or securities has been in place since 1927, Secretary of State's Office not aware of its use until recent request by member of a religious community. Proposal in LD 368 intended to establish framework to administer this option and allow it to be available moving forward. As drafted, bill would require deposit of money or securities by a person in the minimum amount required in an insurance policy.
2. As drafted, LD 368 requires money to be deposited with Treasurer of State and authorizes Treasurer to adopt rules. The rules are designated as routine technical. Consider requiring rules to be adopted on a timeline? Consider designating rules as major substantive and subject to legislative review before final adoption?

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ISSUES FOR CONSIDERATION (cont'd):

3. Proponents of LD 1063 stated that intent is to provide exemption from requirements for members of Mennonite community and modeled on language in several other states, including Georgia, Illinois, North Carolina, Kentucky, Maryland, Wyoming, Pennsylvania, Tennessee and Ohio. See [Georgia law](#) as an example.
4. As drafted, LD 1063 authorizes a qualifying religious organization to provide coverage for the liabilities of its members related to operation of motor vehicles. Concerns raised by Bureau of Insurance, Secretary of State's Office and insurer representatives about whether there is adequate oversight to protect the financial interests of members and others, especially anyone who a member has injured. If a religious organization could not pay claims against its members, then third parties could find themselves unable to recover for damages caused by a member.
5. Is there a need to treat members of a religious organization separately as in LD 1063? Consider that LD 368 allows option to any person?

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ISSUES FOR CONSIDERATION (cont'd):

6. As drafted, does LD 1063 restrict ability of some religious organizations to qualify for exemption? Language in LD 1063 is modeled after similar language in federal law for religious organizations to qualify for an exemption from payment of certain taxes for Social Security and Medicare. See [26 U.S.C. section 1402 \(g\)](#).
7. As drafted, LD 1063 permits coverage for more than one vehicle. The bill does not specify coverage for between one and four vehicles, but sets overall coverage for between five and 25 vehicles at \$175,000 combined single limit and for more than 25 an increase of \$1,000 per additional vehicle up to \$250,000 is required. Consider that this is lower than current minimum requirements on a per vehicle basis?

FISCAL INFORMATION:

Not yet determined