



Janet T. Mills
Governor

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
BUREAU OF INSURANCE
34 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0034

Eric A. Cioppa
Superintendent

**TESTIMONY OF ERIC A. CIOPPA
SUPERINTENDENT OF INSURANCE
BUREAU OF INSURANCE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

Neither for nor Against L.D. 984

**An Act To Allow Procurement of Surplus Lines Insurance for Commercial
Forestry and Construction Equipment**

Presented by President Troy Jackson

**Before the Joint Standing Committee on Health Coverage, Insurance &
Financial Services**

April 1, 2021 at 1:30 p.m.

Senator Sanborn, Representative Tepler, and members of the Committee,
I am Superintendent of Insurance Eric Cioppa. I am here today to testify neither for
nor against L.D. 984.

This proposal would make it easier for loggers to cover their equipment
through surplus lines insurance companies. Under current law, loggers, like other
Maine individuals and businesses, can tap into the surplus lines market if, after a
diligent search, their producer is unable to place coverage with an admitted market
insurer and placement in surplus lines is necessary for the adequate protection of a



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OFFICES LOCATED AT 76 NORTHERN AVENUE, GARDINER, MAINE 04345
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Maine risk.¹ Essentially, the law only requires surplus lines to be used as a last resort. This is because admitted market insurers contribute to the Maine Insurance Guaranty Association, which provides coverage for policyholders whose insurers are unable to pay claims. Admitted market insurers must maintain adequate reserves and are subject to greater financial regulation than surplus lines insurers. L.D. 984 could allow surplus lines policies to become the default option for loggers who can insure their equipment in the admitted market.

We understand the proposal to be intended only for insurance on logging equipment. As the bill is currently written, it could be interpreted to also apply to construction equipment that is not used for logging operations. For that reason, a small technical change may be appropriate.²

Thank you, I would be glad to answer any questions now or at the work session.

¹ 24-A M.R.S. § 2004.

² By way of suggestion, the phrase “commercial forestry and construction equipment” could be changed to read “commercial and construction equipment used in forestry operations.”