



Department of the Secretary of State Bureau of Motor Vehicles

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Testimony of
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Before the Joint Standing Committee on Health Coverage, Insurance and Financial Services
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L.D. 368, "An Act to Amend the Laws Governing Proof of Financial Responsibility
with Respect to Motor Vehicles"

Senator Sanborn, Representative Tepler, and members of the Committee on Health Coverage, Insurance and Financial Services, I am Lynne Gardner of Eddington, here in my capacity as Director of Legal Affairs, Adjudications and Hearings for the Bureau of Motor Vehicles. I am here to speak in support of L.D. 368, An Act to Amend the Laws Governing Proof of Financial Responsibility with Respect to Motor Vehicles. This legislation was submitted by the Department of the Secretary of State.

Drivers and vehicle owners in Maine are subject to the requirements of the Financial Responsibility Laws of Title 29-A. Most people meet these requirements by purchasing and maintaining insurance coverage for their motor vehicles and providing proof of that insurance annually or semi-annually when they register their vehicles. Under Maine law, there are other options for meeting the financial responsibility requirements. This bill proposes to address those other options.

The first alternative addressed by this bill has been the subject of increased attention from the Bureau of Motor Vehicles as the result of a request from a member of a religious community with sincere religious objections to the purchase of insurance. The option allows an individual to meet the statutory financial responsibility requirements by depositing money or securities in the amount required in an insurance policy with the State Treasurer. The deposited money or securities can be accessed by court order in the event that an accident occurs, and a judgment is obtained against the driver or owner who uses this form of financial responsibility. While this option has existed in statute since 1927, there is little guidance from the statute as to how it should be administered, and the Bureau is not aware of a previous instance when a Maine citizen has sought to utilize this option, until this recent request. As such, the Bureau has no regulatory or policy framework to administer this option and has been working diligently to develop a plan for its implementation. This proposal arises from the questions and concerns we have encountered as we have endeavored to devise policies and procedures for administering the option in a way that balances the rights of the individual pursuing the option with protections for the general public.

The next alternative addressed by this proposal is limited to corporations and allows them to self-insure if they can demonstrate that they have the financial ability to do so. This option has also been in statute since 1927, and unlike the deposit of money option, has been used by one company, Central Maine Power Company, for decades.

This proposal calls for the elimination of the corporate self-insurance option, but the Bureau's primary concern is that the evaluation both of corporate financial fitness and of administrative competence in the insurance arena are outside of this Bureau's expertise and mission. We have no position on the advisability of allowing corporations to self-insure per se.

We fully support the First Amendment rights to exercise religious freedom for all citizens. We have put forward this bill in the interest of accommodating the First Amendment rights of individuals with administrative efficiency and clarity while preserving financial responsibility to other drivers. We hope you will vote ought to pass to aid the Bureau of Motor Vehicles in carrying out our responsibilities in a fair and efficient way within existing resources. We are happy to answer any questions and thank you for your consideration.