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Introducing LD 368, “An Act To Amend the Laws Governing Proof of Financial Responsibility with Respect to Motor Vehicles”

Joint Standing Committee on Health Coverage, Insurance and Financial Services

April 1, 2021

Representative Tepler and honorable colleagues of the Joint Standing Committee on Health Coverage, Insurance and Financial Services, I am Senator Heather Sanborn and I represent Senate District 28, which is part of Portland and part of Westbrook. I’m here today to introduce LD 368, “An Act To Amend the Laws Governing Proof of Financial Responsibility with Respect to Motor Vehicles,” on behalf of the Department of the Secretary of State.

When we register a motor vehicle, we are required to show proof of financial responsibility in case of an accident and damage to one’s property. Almost all of us fulfill this obligation by purchasing an insurance policy. However, in Maine statute, there are currently also two alternatives that can be used to demonstrate this financial responsibility.

One option is for an individual to deposit money or securities into an account with the State Treasurer that could be accessed if the person is found liable for damages. Until recently, there is no record of anyone attempting to use this option, and because of that, there is currently very little guidance on how the process works. It is my understanding that the Department became interested in the issue when a Maine resident recently sought to utilize this option on the grounds of religious objections to purchasing insurance. Therefore, this bill seeks to set up the framework for someone to use this option.

The second option is for a corporation to prove that it has the financial ability to self-insure. This option has been used by Central Maine Power for decades. The bill would eliminate this as an option for proof on financial responsibility. The Department feels that determining a corporation’s ability to self-insure is beyond its area of expertise.

Someone from the Department will be here to speak to this bill in more detail, but I’d be happy to try and answer any questions you might have at this point.