

MAINE STATE LEGISLATURE

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BANKING AND INSURANCE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1545, L.D. 2174, Bill, "An Act to Implement the Recommendations of the Commission to Study Insurance Fraud"

Amend the bill in section 2 in that part designated "§2186." in subsection 4 by striking out all of paragraph A (page 3, lines 28 to 45 in L.D.) and inserting in its place the following:

'A. An insurer shall, annually on or before March 1st or within any reasonable extension of time granted by the superintendent, file with the superintendent a report relating to fraudulent insurance acts that the insurer knew or reasonably believed had been committed during the previous calendar year. The report must contain information required by the superintendent in the manner prescribed by the superintendent. The information must be reported on an aggregate basis and may not contain any information identifying any individuals or entities. The superintendent shall adopt by January 1, 1999 rules necessary to define the information that must be reported. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter II-A.'

Further amend the bill in section 2 in that part designated "§2186." in subsection 5 in the first paragraph in the 2nd line (page 4, line 7 in L.D.) by inserting after the following: "insurer" the following: 'writing direct insurance'

Further amend the bill in section 2 in that part designated "§2186." in subsection 5 in the first paragraph by inserting after the first sentence the following new sentence: 'This subsection does not apply to any agency, producer or other person acting on behalf of an insurer.'

COMMITTEE AMENDMENT

Further amend the bill in section 2 in that part designated
2 "§2187." in subsection 1 by striking out all of paragraph C (page
5, lines 27 to 33 in L.D.) and inserting in its place the
4 following:

6 'C. "Fraudulent insurance act" has the same meaning as in
section 2186, subsection 1, paragraph A.

8 D. "Insurer" has the same meaning as in section 2186,
10 subsection 1, paragraph B.'

12 Further amend the bill in section 2 in that part designated
14 "§2187." by striking out all of subsection 5 (page 6, lines 14 to
16 in L.D.) and inserting in its place the following:

16 '5. Immunity. In the absence of fraud, malice or bad
18 faith, any person, including, but not limited to, an insurer or
20 authorized agency, that furnished information relating to
22 suspected, anticipated or completed fraudulent insurance acts is
24 not liable for any damages in any civil action for furnishing the
information if that information is furnished to or received from
an authorized agency. Nothing in this subsection is intended to
abrogate or modify in any way any common law or statutory
privilege or immunity previously enjoyed by any person.'

26 Further amend the bill by inserting at the end before the
28 summary the following:

30 FISCAL NOTE

32 The additional costs associated with the Department of the
34 Attorney General and the Department of Public Safety assisting as
36 authorized agencies in investigating insurance fraud can be
absorbed by these departments utilizing existing budgeted
resources.

38 The Bureau of Insurance within the Department of
40 Professional and Financial Regulation will incur some minor
42 additional costs to adopt rules pertaining to insurance fraud and
to submit a required report to the Legislature. These costs can
be absorbed within the bureau's existing budgeted resources.

44 This bill may increase the number of civil suits and civil
46 violations filed in the court system. The additional workload
and administrative costs associated with the minimal number of
48 new cases filed can be absorbed within the budgeted resources of
the Judicial Department. The collection of additional filing
50 fees and fines may also increase General Fund revenue by minor
amounts.'

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SUMMARY

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6 This amendment clarifies that information reported to the
Bureau of Insurance related to suspected, anticipated or
8 completed fraudulent insurance acts does not identify any
individuals or entities. The amendment requires the
10 Superintendent of Insurance to adopt rules defining the
information to be reported by January 1, 1999 but designates the
rules as routine technical rather than major substantive.

12

14 The amendment exempts reinsurers, agencies and producers
from the requirement to prepare and implement an antifraud plan.

16

The amendment clarifies that the immunity provision applies
to any person furnishing information to an authorized agency.

18

The amendment also adds a fiscal note to the bill.