

MAINE STATE LEGISLATURE

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STATE OF MAINE
116TH LEGISLATURE

FIRST REGULAR SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE

JULY 1993

Staff:
Jane Orbeton, Legal Analyst

*Office of Policy and Legal Analysis
Room 101, State House Station 13
Augusta, ME 04333
(207)287-1670*

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DARLENE A. SHORES LYNCH, RESEARCHER
CARRIE C. McFADDEN, RESEARCHER

STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL: (207) 287-1670
FAX (207) 287-1275

**ONE HUNDRED AND SIXTEENTH LEGISLATURE
FIRST REGULAR SESSION**

**JOINT STANDING COMMITTEE
BILL SUMMARIES**

JULY 1993

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The volume is organized alphabetically by committee; within each committee, the summaries are arranged by LD number. A subject index is provided at the beginning of each committee's summaries.

The committee report or reports, the prime sponsor for each bill and the lead co-sponsor in each house if one has been designated are listed below each bill title. All adopted amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action on each bill is listed to the right of the title. Various types of final action are abbreviated as follows:

<i>PUBLIC XXX</i>	<i>Chapter # of enacted Public Law</i>
<i>P&S XXX</i>	<i>Chapter # of enacted Private & Special Law</i>
<i>RESOLVE XXX</i>	<i>Chapter # of enacted Resolve</i>
<i>CON RES XXX</i>	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>EMERGENCY</i>	<i>Enacted law takes effect sooner than 90 days</i>
<i>CARRIED OVER</i>	<i>Bill carried over to Second Session</i>
<i>ONTP</i>	<i>Ought Not to Pass report accepted</i>
<i>ENACTMENT FAILED</i>	<i>Bill failed to get majority vote</i>
<i>INDEF PP</i>	<i>Bill Indefinitely Postponed</i>
<i>FAILED EMERGENCY ENACTMENT</i>	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED MANDATE ENACTMENT</i>	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>DIED BETWEEN BODIES</i>	<i>House & Senate disagree; bill died</i>
<i>CONF CMTE UNABLE TO AGREE</i>	<i>Committee of Conference formed but unable to agree</i>
<i>VETO SUSTAINED</i>	<i>Legislature failed to override Governor's Veto</i>
<i>UNSIGNED</i>	<i>Not signed by Governor within 10 days</i>
<i>DIED ON ADJOURNMENT</i>	<i>Action incomplete when session ended; bill died</i>

These summaries were prepared by the analyst or analysts assigned to the committee. But, this document was produced by the efforts of all the office staff, including secretaries: Charlene Raymond and Valarie Parlin.

If you have any suggestions or comments on these summaries, please let us know.

4693NRG

LD 1011 An Act to Amend the Medicare Supplement Insurance Regulatory Program

**PUBLIC 154
EMERGENCY**

SPONSOR(S)
KIEFFER

COMMITTEE REPORT
OTP

AMENDMENTS ADOPTED

SUMMARY

These changes reflect requests for revisions received by the Bureau of Insurance from the federal Health Care Financing Administration and are required prior to final certification of the State's Medicare supplemental insurance regulatory program.

LD 1017 An Act to Amend Self-insurance Investment Standards

ONTP

SPONSOR(S)
ERWIN

COMMITTEE REPORT
ONTP

AMENDMENTS ADOPTED

SUMMARY

This bill amends the Maine Workers' Compensation Act of 1992 to broaden the scope of acceptable investments for self-insurers to include bonds and other obligations issued by the State and its subdivisions. The language is taken from the definition of governmental unit bonds in the Maine Revised Statutes, Title 30-A, section 5712.

LD 1039 An Act to Reform the Insurance Code Laws

PUBLIC 171

SPONSOR(S)
HANLEY

COMMITTEE REPORT
OTP-AM

AMENDMENTS ADOPTED
S-99

SUMMARY

In Part A this bill requires insurers to accept standardized forms, to be prescribed by the Superintendent of Insurance.

In Part B this bill requires a notice on all health insurance applications warning the applicant of the importance of answering all questions on the medical history portion of the application truthfully and completely.

In Part C this bill amends the current bonding requirement for third-party administrators to ensure that the bonding requirement for third-party administrators with both claims administration services accounts and administrator trust fund accounts be as rigorous as the requirements for third-party administrators that have only a claims administration services account or only an administrator trust fund account.

In Part D this bill requires private passenger automobile policies to provide additional disclosure of rating classifications used to establish premium rates. This will permit consumers to determine whether their policies have been classified accurately. The Superintendent of Insurance is required to adopt specific standards by rule.

In Part E this bill requires medical utilization review entities to base medical necessity decisions on formal medical utilization review criteria and would give the Bureau of Insurance a means of knowing that medical necessity decisions are consistent with this criteria when consumer complaints are filed.

In Part F this bill permits insurer complaint ratios to be provided to the public. Complaint ratios will provide valuable information to the public and permit consumers to make more informed decisions prior to purchasing insurance.

In Part G this bill amends the applicability provisions of 2 chapter of the insurance code, which were never amended to reflect recent additions to those chapters.

Committee Amendment "A" (S-99) amends the bill by striking Parts A, B, D and F. It retains Parts C, E and G.

LD 1051 An Act to Authorize Maine Financial Institutions and Credit Unions to Sell Annuities

PUBLIC 322

SPONSOR(S)	COMMITTEE REPORT		AMENDMENTS ADOPTED	
MITCHELL E	OTP-AM	MAJ	H-399	
	ONTP	MIN	S-227	SUMMERS
			S-231	PARADIS J

SUMMARY

This bill authorizes financial institutions, credit unions, financial institution holding companies and employees and subsidiaries of those entities to either sell annuities directly or through contracts with 3rd parties who are licensed to sell them.

This bill provides that a financial institution, credit union, financial institution holding company or any employee wishing to sell annuities is subject to the licensing requirements of the Maine Insurance Code. The Superintendent of Insurance is authorized to issue a limited agents license covering only the sale of annuities to such entities and their employees. An agent already licensed to sell annuity products in the State does not need to apply under the limited annuities license section of this provision.

This bill provides that when a financial institution or its licensed employee sells annuities it is subject to the licensing requirements of the Maine Insurance Code.

Committee Amendment "A" (H-399) makes the following changes to the bill:

1. The amendment provides that, if a financial institution, credit union, financial institution holding company or a subsidiary of any such entity chooses to sell annuities through a contract with a licensed 3rd-party insurance agent, that insurance agent may sell only annuity products on the premises of that institution or as the institution's authorized agent.
2. It adds a reference to the existing requirement that if variable annuities are to be sold as part of the licensing process a licensed applicant must show written evidence of successful completion of the minimum National Association of Security Dealers requirements for the sale of variable contracts.
3. A definition has been added to make it clear that the authorization to sell annuities does not include the ability to underwrite annuity products.
4. A provision has been added that requires an agent who sells annuities for a financial institution or credit union who also sells other insurance products, which by law are not allowed to be sold by an agent of the financial institution or credit union, to disclose to the person purchasing the other insurance products that the agent is not acting on behalf of the financial institution or credit union.
5. The amendment clarifies that, in addition to directly selling annuities and arranging for the sale of annuities through licensed 3rd-party agents, financial institutions and credit unions will also be permitted to share commissions like any other agent in connection with the sale of annuities.