

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals
(may include minor formatting differences from printed original)

**STATE OF MAINE
118TH LEGISLATURE**

**FIRST REGULAR SESSION
AND
FIRST SPECIAL SESSION**

**BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE**

JULY 1997

MEMBERS:

Sen. Lloyd P. LaFountain III, Chair

Sen. Robert E. Murray, Jr.

Sen. I. Joel Abromson

Rep. Jane W. Saxl, Chair

Rep. Julie Winn

Rep. Thomas M. Davidson

Rep. Christopher P. O'Neil

Rep. Joseph C. Perry

Rep. Stephen S. Stanley

Rep. Joseph G. Carleton, Jr.

Rep. Sumner A. Jones, Jr.

Rep. Arthur F. Mayo III

Rep. Joseph Bruno

Staff:

Colleen McCarthy Reid, Legislative Analyst

Office of Policy and Legal Analysis

Room 101/107/135, 13 State House Station

Augusta, ME 04333

(207)287-1670



Maine State Legislature
OFFICE OF POLICY AND LEGAL ANALYSIS

13 State House Station, Augusta, Maine 04333-0013
 Telephone: (207) 287-1670
 Fax: (207) 287-1275

ONE HUNDRED EIGHTEENTH LEGISLATURE
FIRST REGULAR AND FIRST SPECIAL SESSIONS

Summary Of Legislation Before The Joint Standing Committees
August 1997

We are pleased to provide this summary of bills that were considered by the 15 Joint Standing Committees of the Maine Legislature staffed by this office. The document is a compilation of bill summaries which describe each bill, committee amendments and other relevant amendments, as well as the final action taken on the bill. Also included are statistical summaries of bill activity this Session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills handled by the joint standing committees. It is organized alphabetically by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

<i>CARRIED OVER</i>	<i>Bill carried over to Second Regular Session</i>
<i>CON RES XXX</i>	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i>	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN BODIES</i>	<i>House & Senate disagree; bill died</i>
<i>DIED IN CONCURRENCE</i>	<i>One body accepts ONTP report; the other indefinitely postpones the bill</i>
<i>DIED ON ADJOURNMENT</i>	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i>	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT/FINAL PASSAGE</i>	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</i>	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i>	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>INDEF PP</i>	<i>Bill Indefinitely Postponed</i>
<i>ONTP</i>	<i>Ought Not To Pass report accepted</i>
<i>OTP ND</i>	<i>Committee report Ought To Pass In New Draft</i>
<i>OTP ND/NT</i>	<i>Committee report Ought To Pass In New Draft/New Title</i>
<i>P&S XXX</i>	<i>Chapter # of enacted Private & Special Law</i>
<i>PUBLIC XXX</i>	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i>	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i>	<i>Bill held by Governor</i>
<i>VETO SUSTAINED</i>	<i>Legislature failed to override Governor's Veto</i>

Please note the effective date for all non-emergency legislation enacted in the First Regular Session (unless otherwise specified in a particular law) is June 26, 1997 and September 19, 1997 for the First Special Session.

David E. Boulter, Director
 Offices Located in the State House, Rooms 101/107/135

<u>Sponsor(s)</u> WATSON MURRAY	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-656
---------------------------------------	-----------------------------------	------------------------------------

LD 1558 proposed to establish a mechanism for regulating viatical settlement agreements. Viatical settlement agreements are agreements by which a person insured under a life insurance policy who has a catastrophic or life-threatening illness agrees to designate the viatical provider as the beneficiary under the policy in exchange for an immediate payment to the ill person. This bill requires a person who acts as viatical settlement provider to obtain a license from the Superintendent of Insurance, demonstrate trustworthiness and good business standing and demonstrate financial responsibility. Forms used by viatical settlement providers and viatical settlement brokers must be approved by the superintendent. Annual reports are required. The bill also provides for the confidentiality of information relating to the viator, disclosure of the rights of a viator, potential implications of a settlement agreement and provisions for ensuring that a viator is competent and enters into the agreement voluntarily. A violation of the viatical settlement provisions is an unfair trade practice. Currently, these types of agreements are being entered into without regulation or protection for the insured person.

Committee Amendment "A" (H-656) proposed to do the following:

1. Clarify the definitions in the bill and add new definitions for "institutional investor," "viatical settlement" and "viator;"
2. Replace the use of the terms "agent" and "broker" with the terms "producer" and "independent producer;"
3. Eliminate separate licensing and fee requirements for independent viatical producers already licensed as independent producers;
4. Increase the licensing and renewal fees for viatical settlement providers;
5. Provide that a viatical settlement provider has an opportunity for hearing before the Superintendent of Insurance denies, suspends, revokes or refuses to renew a license, rather than requiring a hearing in all instances;
6. Add provisions governing confidentiality and disclosure;
7. Make income from viatical settlements taxable under state income tax laws only to the extent the income is subject to federal tax;
8. Clarify the provisions relating to rights under assignment;
9. Remove the provisions relating to incontestability and limits on defenses that may be raised by insurance companies in disputes;
10. Clarify the provisions relating to conversion from a group to an individual life insurance policy; and
11. Change the effective date from November 1, 1997 to October 1, 1997.

12. The amendment also adds an allocation section and a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 430 establishes a regulatory framework for viatical settlement agreements. Viatical settlement agreements are agreements by which a person insured under a life insurance policy who has a catastrophic or life-threatening illness agrees to designate the viatical settlement provider as the beneficiary under the policy in exchange for immediate payment to the ill person. Under current state law, there are no regulatory or consumer protection provisions governing viatical settlement agreements.

The law requires viatical settlement providers who are in the business of purchasing viatical settlement agreements to be licensed by the Bureau of Insurance. Viatical producers who solicit or arrange viatical settlement agreements are also required to be licensed as life and health producers under the Maine Insurance Code.

Public Law 1997, chapter 430 also provides for the confidentiality of information relating to the viator, disclosure of rights of a viator, rights under assignment, state income taxation, conversion from a group to an individual life insurance policy, potential implications of a viatical settlement agreement and provisions for ensuring that a viator is competent and enters into the agreement voluntarily.

Public Law 1997, chapter 430 takes effect October 1, 1997.

LD 1566 **An Act to Require Blue Cross and Blue Shield of Maine to Report Annually to the Legislature Regarding the Fulfillment of Its Charitable Mission** **ONTP**

<u>Sponsor(s)</u> MILLS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
----------------------------	--	---------------------------------	--	---------------------------

LD 1566 proposed to require that nonprofit hospital and medical service organizations, such as Blue Cross and Blue Shield of Maine, annually report to the Legislature regarding the fulfillment of the corporation's purposes as a charitable and benevolent institution.

LD 1568 **An Act to Amend the Board of Directors of Nonprofit Hospital or Medical Service Organizations** **ONTP**

<u>Sponsor(s)</u> MILLS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
----------------------------	--	---------------------------------	--	---------------------------

LD 1568 proposed to amend the composition of the board of directors of nonprofit hospital and medical service organizations to require the addition of three public directors, one each appointed by the President of the Senate and the Speaker of the House, and the Commissioner of Human Services. The public directors are subject to the same term restrictions as are placed on the current directors, except that the initial term of the appointee of the President of the Senate is only two years, so that the terms of the public directors are staggered.