

# MAINE STATE LEGISLATURE

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**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*

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*Rep. Joseph Bruno*

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**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](http://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 &amp; 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&amp;S XXX</i> .....	<i>Chapter # of enacted Private &amp; 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

Part B of the bill proposed to establish the position of Commissioner of Health Security. It establishes the pay range for the commissioner as range 89.

Part C of the bill proposed to repeal all sales tax exemptions and increases income tax rates to raise revenue to implement the Maine Single-payor Health Care Plan. The bill also requires that this legislation be submitted to the voters of the State for acceptance through referendum.

**Committee Amendment "A" (H-447)** is the minority report and proposed to add a fiscal note to the bill. Committee Amendment "A" was not adopted.

**LD 1754**                      **An Act Regarding Hospital Charges for Physicians Not Participating in Health Maintenance Organizations**                      **ONTP**

<u>Sponsor(s)</u> GERRY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1754 proposed to require hospitals to charge the same fees for hospital privileges to physicians participating in health maintenance organizations and those physicians that do not participate. The bill also proposed to require hospitals to charge the same fees for hospital services to a person participating in a health maintenance organization plan and a person that is not participating and prohibits a health maintenance organization plan from prohibiting an enrollee to obtain services from nonparticipating hospitals.

**LD 1775**                      **An Act to Promote Access to Health Care**                      **ONTP**

<u>Sponsor(s)</u> DAGGETT		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1775 proposed to prohibit health care providers from discriminating against patients based upon the patient's source of payment.

**LD 1783**                      **An Act to Clarify the Laws Concerning Claims Settlement Practices** **CARRIED OVER**

<u>Sponsor(s)</u> VIGUE JENKINS		<u>Committee Report</u>		<u>Amendments Adopted</u>
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LD 1783 proposes to do the following.

Part A sets forth those practices of insurers that would constitute unfair claims practices under the Maine Insurance Code. Part A is based in part on the 1990 Unfair Claims Settlement Practices Model Act of the National Association of Insurance Commissioners. The intent of the law is to provide a regulatory framework for the Bureau of Insurance to act in those cases where unfair claim practices arise. The law does not create a private right

of action nor is it intended to create an alternate mechanism to adjudicate disputed claims. Under Part A, the Superintendent of Insurance is required to adopt rules that are major and substantive in nature to carry out the provisions of this law. Penalties, notice and hearing provisions of current law remain in effect.

Part B authorizes the Superintendent of Insurance to make public aggregate ratios of substantiated consumer complaints against insurance companies. Only those complaints determined by the Bureau of Insurance to be valid are included in the development of these ratios.

Part C clarifies the jurisdictional and penalty provisions of the enforcement section of the Maine Insurance Code and gives the superintendent concurrent disciplinary jurisdiction when insurers or insurance professionals violate laws outside the Maine Insurance Code, such as workers' compensation or general criminal laws, in the course of their insurance business.

LD 1783 was carried over to the Second Regular Session along with a related bill, LD 889. Part B of the bill was reported out by the committee as LD 1879, "An Act Authorizing the Bureau of Insurance to Release Aggregate Ratios of Consumer Complaints to the Public," which was enacted as Public Law 1997, chapter 314.

**LD 1787**                      **An Act to Authorize Captive Insurance Companies**                      **PUBLIC 435**

<u>Sponsor(s)</u> MAYO MURRAY	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-638
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LD 1787 implements the recommendations of the September 3, 1996 Final Report and Recommendations of the Financial Services Economic Development Subgroup.

The bill proposed to authorize the formation of captive insurers that would be able to provide insurance coverage with respect to the exposures of their parent or affiliated companies. Captive insurance companies could be owned and controlled by single corporations, by groups of corporations or by associations. Capital and surplus requirements for captive insurance companies are significantly less than those otherwise applicable to commercial insurers. Captive insurers are regulated by the Department of Professional and Financial Regulation, Bureau of Insurance to the extent provided for in the bill.

The bill also proposed to provide for taxation of captive insurers on a different basis than that applicable to other insurers. Captive insurers domiciled in Maine are taxed on all premiums received with respect to risks in other jurisdictions at rates comparable to those imposed in other jurisdictions with captive insurance laws. Taxation of direct premiums with respect to Maine risks is at the same rate as is applicable to other insurers. Captive insurers also are subject to an alternative minimum tax.

**Committee Amendment "A" (H-638)** proposed to clarify that captive insurers required to file documents with the Secretary of State's office must transmit the appropriate filing fee to the Secretary of State along with the documents.

The amendment also proposed to correct a numerical error in the taxation provisions of the bill which generally tax captive insurers at a rate of .375 of 1% on the first \$20,000,000 of direct premiums collected or contracted for regardless of where the risk is located. These rates decline incrementally on additional amounts of premium. The taxation rates on reinsurance premiums are lower.