

MAINE STATE LEGISLATURE

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STATE OF MAINE
118TH LEGISLATURE

SECOND REGULAR SESSION
AND
SECOND SPECIAL SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE

MAY 1998

MEMBERS:

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Sen. Robert E. Murray, Jr.
Sen. I. Joel Abromson

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ONE HUNDRED EIGHTEENTH LEGISLATURE
SECOND REGULAR AND SECOND SPECIAL SESSIONS

Summary Of Legislation Before The Joint Standing Committees
May 1998

We are pleased to provide this summary of bills that were considered by the Joint Standing Committees of the Maine Legislature. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. 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 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:

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

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is June 30, 1998 and July 9, 1998 for the Second Special Session. Second Special Session laws include Public Laws beginning with Chapter 718, Private and Special Laws beginning with Chapter 82 and Resolves beginning with Chapter 117.

Enacted law summary

Resolve 1997, chapter 96 authorizes final adoption of major substantive rule Chapter 890: Consumer Complaint Ratios of the Bureau of Insurance.

Resolve 1997, chapter 96 was enacted as an emergency measure effective March 23, 1998.

LD 2222

An Act to Revise and Update the Charter of the Maine Employers' Mutual Insurance Company in Furtherance of its Mission

PUBLIC 661

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CARLETON	OTP-AM MAJ	H-905
LAFOUNTAIN	ONTP MIN	

LD 2222 proposed to update the statutory charter of Maine Employers' Mutual Insurance Company, or MEMIC. The bill proposed to expand the purpose of MEMIC to include being responsive to the advice of its advisory divisions. It proposed to allow MEMIC to reinsure workers' compensation and employers' liability insurance for Maine-based employers that MEMIC insures doing business in other states and provide MEMIC the authority to create or buy subsidiary companies in other jurisdictions in order to write workers' compensation in those jurisdictions. It also removed historical language dealing with MEMIC's incorporation.

The bill proposed to reduce the size of the board of MEMIC from 13 to 9 members. It also proposed to clarify the terms of board members and to remove historical sections governing initial funding and operation. The bill proposed to update and revise the role and responsibilities of the divisions and their relationship to the board. The board's charge is adjusted to maintain divisions consisting of general industry groupings, which can parallel national classifications. The management responsibilities reserved for the divisions are shifted to the board. The divisions become responsible for advising the board on issues of importance to the divisions. Restrictions regarding surplus and funding are removed. Historical references to the initial divisions are removed. The board's authority to adjust the makeup of divisions, with approval by the Superintendent of Insurance, continues. The bill proposed to adjust the size of the advisory division boards to provide for up to 9 members and to add language to provide greater latitude regarding MEMIC's responsibility for financial accounting and rating for each division.

The bill also proposed to grant MEMIC the ability to file and use rates, the same practice allowed for other insurance companies, if it files within the established rate band. Rates that are higher or lower than the rate band must receive prior approval by the Superintendent of Insurance.

Committee Amendment "A" (H-905) proposed to clarify that subsidiary insurers formed or acquired by the Maine Employers' Mutual Insurance Company may not be authorized to write any line of insurance in this State. The amendment clarified that the reduction in the size of the board of directors must be done through attrition. The amendment retained the authority of the company to contract with licensed producers.

The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 661 updates the statutory charter of Maine Employers' Mutual Insurance Company. The law expands the purpose of the company to include responding to the advice of its advisory divisions; removes

historical, outdated language relating to the initial incorporation, funding and operation of the company; and reduces the size of the company board from 13 to 9 members.

Public Law 1997, chapter 661 also authorizes MEMIC to create or buy subsidiary companies in other jurisdictions in order to write workers' compensation insurance in those jurisdictions and to reinsure workers' compensation and employers' liability insurance for Maine-based employers that MEMIC insures that do business in other states.

And the law grants MEMIC the ability to file and use rates for workers' compensation insurance if the rates are within the established rate bands. Rates that are higher or lower than the established rate band must receive prior approval of the Superintendent of Insurance.