

MAINE STATE LEGISLATURE

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*State Of Maine
121st Legislature*

First Regular Session

Bill Summaries

*Joint Standing Committee
on
Insurance and Financial Services*

July 2003

Members:

Sen. Lloyd P. LaFountain III, Chair

Sen. Neria R. Douglass

Sen. Arthur F. Mayo III

Rep. Christopher P. O'Neil, Chair

Rep. Marilyn E. Canavan

Rep. Joseph C. Perry

Rep. Bonita J. Breault

Rep. Anne C. Perry

Rep. Kevin J. Glynn

Rep. Florence T. Young

Rep. Lois A. Snowe-Mello

Rep. Michael A. Vaughan

Rep. Richard G. Woodbury

Staff:

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Maine State Legislature



Office Of Policy And Legal Analysis Office Of Fiscal And Program Review

121st Maine Legislature First Regular Session

Summary Of Legislation Before The Joint Standing Committees

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing and joint select committees of the Maine Legislature this past session. 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 considered by the committees. It is arranged alphabetically by committee name 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 PURSUANT TO HP 1212</i>	<i>Bills carried over to the 2nd 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>NOT PROPERLY BEFORE THE BODY</i>	<i>Ruled out of order by the presiding officers; bill died</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>P&S XXX</i>	<i>Chapter # of enacted Private & Special Law</i>
<i>PASSED</i>	<i>Joint Order passed in both bodies</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 that the effective date for all non-emergency legislation enacted in the First Regular Session (unless otherwise specified in a particular law) is September 13, 2003.

David C. Elliott, Director
Offices located in Room 215 of the Cross Office Building

Joint Standing Committee on Insurance and Financial Services

LD 435

**An Act To Restrict the Cancellation of Health Insurance Coverage
During an Enrollee's Period of Incarceration**

ONTP

<u>Sponsor(s)</u> KNEELAND		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 435 proposed to prohibit health insurance carriers from canceling coverage for enrollees who are incarcerated in county jail facilities solely on the basis of the enrollees' incarceration.

LD 470

**An Act To Ensure Fairness Regarding Use of Consumer Credit
Reports in Insurance Underwriting**

PUBLIC 223

<u>Sponsor(s)</u> CANAVAN DAGGETT		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-220
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LD 470 proposed to prohibit an insurance company authorized to transact automobile or homeowners' insurance in this State from making underwriting and rating decisions based solely on information contained in consumer credit reports. The bill also prohibits an insurer from using an insurance score that is calculated using income, gender, address, zip code, ethnic group, religion, marital status or nationality as a factor and from considering an absence of credit history or an inability to determine a credit history as a negative indicator on an insurance score. An insurer may continue to use consumer credit reports in underwriting and rating decisions in conjunction with other relevant underwriting criteria to the extent allowed under state and federal fair credit reporting laws.

The bill also proposed to require insurers to provide written notice to a consumer who is adversely affected by a credit report. The notice must include the specific credit-based reasons for the adverse decision and contact information necessary to assist the consumer in appealing the insurer's decision.

Committee Amendment "A" (H-220) proposed to replace the bill. The language in the amendment is more closely based on a model act from the National Conference of Insurance Legislators. Like the bill, the amendment proposed to prohibit an insurance company authorized to transact personal insurance in this State from making underwriting and rating decisions based solely on credit information. The amendment also proposed to prohibit an insurer from using an insurance score that is calculated using income, gender, address, zip code, ethnic group, religion, marital status or nationality as a factor. An insurer may continue to use consumer credit reports in underwriting and rating decisions in conjunction with other relevant underwriting criteria to the extent allowed under state and federal fair credit reporting laws. The amendment also proposed to require insurers to provide notice to a consumer who is adversely affected by a credit report, but allows that notice to be provided in writing or in the same medium as the application for insurance was made to the insurer. The amendment adds a requirement that insurers file their insurance scoring models with the Superintendent of Insurance. The amendment also adds an indemnification provision for the protection of insurance producers who obtain or use credit information on behalf of an insurer.

Joint Standing Committee on Insurance and Financial Services

Enacted Law Summary

Public Law 2003, chapter 223 prohibits an insurance company authorized to transact automobile or homeowners' insurance in this State from making underwriting and rating decisions based solely on information contained in consumer credit reports. An insurer may continue to use consumer credit reports in underwriting and rating decisions in conjunction with other relevant underwriting criteria to the extent allowed under state and federal fair credit reporting laws. The law also requires insurers to provide notice to a consumer who is adversely affected by a credit report. The law adds a requirement that insurers file their insurance scoring models with the Superintendent of Insurance.

LD 473 **An Act To Limit the Interest Rate on Consumer Credit Transactions** **ONTP**

<u>Sponsor(s)</u> TWOMEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 473 proposed to limit the rate of interest that may be charged on consumer credit loans, such as credit cards and automobile loans, to 12% per year.

LD 485 **An Act Clarifying the Maine Consumer Credit Code** **PUBLIC 135**

<u>Sponsor(s)</u> O'NEIL		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 485 proposed to make the Maine Revised Statutes, Title 9-A, section 2-502, subsection 3 consistent with the Federal Reserve Board's Regulation AA, 12 Code of Federal Regulations, Part 227.15 and the Federal Trade Commission's Trade Regulation Rule on credit practices involving the collection of delinquency charges, 16 Code of Federal Regulations, Part 444.4.

Enacted Law Summary

Public Law 2003, chapter 135 makes the Maine Consumer Credit Code consistent with federal law and regulation on credit practices involving the collection of delinquency charges. The law clarifies that a delinquency charge may not be collected in connection with a consumer credit transaction if the only delinquency is attributable to unpaid late fees or delinquency charges assessed in connection with earlier unpaid installments.