

MAINE STATE LEGISLATURE

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*State Of Maine
122nd Legislature*

*First Regular Session and
First Special Session*

Bill Summaries

*Joint Standing Committee
on
Insurance and Financial Services*

August 2005

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Maine State Legislature

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122nd Legislature
First Regular Session and First Special Session

Summary of Legislation Considered by the Joint Standing Committees
August 2005

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing 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 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. A subject index for each committee is included immediately before the bill summaries for that committee, and a numerical index by LD number is included 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:

- CARRIED OVER Bill Carried Over to Second Regular Session
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
NOT PROPERLY BEFORE THE BODY..... Ruled out of order by the presiding officers; bill died
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 First Regular Session (unless otherwise specified in a particular law) is June 29, 2005; and for non-emergency legislation enacted in the First Special Session is September 17, 2005.

Joint Standing Committee on Insurance and Financial Services

LD 294

An Act To Give Consumers the Option To Buy Cheaper Individual Health Insurance and Have Better Choices from Other States

INDEF PP

<u>Sponsor(s)</u> GLYNN		<u>Committee Report</u> JT RULE 309		<u>Amendments Adopted</u>
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Beginning January 1, 2006, LD 294 proposed to permit out-of-state health insurers, which are referred to as foreign insurers in the Maine Insurance Code, to offer their individual health plans for sale in this State if certain requirements of Maine law are met, including minimum capital and surplus and reserve requirements, disclosure and reporting requirements and grievance procedures. It also would permit Maine health insurers to offer individual health plans of out-of-state parent or subsidiary health insurers if similar requirements are met. If out-of-state health plans are offered for sale in this State, the bill proposed to require that prospective enrollees be provided adequate disclosure of how the plans differ from Maine health plans in a format approved by the Superintendent of Insurance.

LD 294 also proposed to prohibit an insurance producer from holding an appointment to sell out-of-state health plans to residents in this State unless the producer also holds a valid producer license in the state of domicile for that health insurer.

LD 311

An Act To Prohibit Steering in Automobile Insurance

PUBLIC 101

<u>Sponsor(s)</u> GLYNN		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-136
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LD 311 proposed to prohibit automobile insurers from steering claimants to particular repair shops or garages and prohibits an insurer from denying a claim because a claimant refuses to have the damage repaired at a repair shop or garage recommended by the insurer.

Committee Amendment "A" (H-136) replaced the bill. The amendment would regulate the relationship between auto insurers and auto repair shops in the same manner as between auto insurers and auto glass shops by preventing auto insurers from directly or indirectly requiring insureds' auto repairs to be made in a specified place of business. The amendment proposed to prohibit an insurer from recommending the use of a particular repair service unless the insurer discloses that the claimant is under no obligation to use the recommended repair service.

The amendment also proposed to require the Department of Professional and Financial Regulation, Bureau of Insurance to issue a bulletin regarding this provision by November 1, 2005 to insurance companies and insurance producers who place motor vehicle insurance.

Enacted law summary

Public Law 2005, chapter 101 regulates the relationship between auto insurers and auto repair shops in the same manner as between auto insurers and auto glass shops by preventing auto insurers from directly or indirectly requiring insureds' auto repairs to be made in a specified place of business. The law prohibits an insurer from recommending the use of a particular repair service unless the insurer discloses that the claimant is under no obligation to use the recommended repair service.

Joint Standing Committee on Insurance and Financial Services

Public Law 2005, chapter 101 also requires the Department of Professional and Financial Regulation, Bureau of Insurance to issue a bulletin regarding this provision by November 1, 2005 to insurance companies and insurance producers who place motor vehicle insurance.

LD 335 **An Act To Clarify the Definition of "Eligible Group" in Small Group Health Insurance Plans** **ONTP**

<u>Sponsor(s)</u> GLYNN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 335 proposed to clarify the definition of "eligible group" as it applies to small group health plans by specifying that a majority of the employees in the group must be employed in the State. This bill also changes a cross-reference in the Maine Consumer Choice Health Plan to maintain the current definition of "eligible group."

LD 338 **An Act To Clarify the Applicability of the Maine Consumer Credit Code to Affordable Housing Organizations** **PUBLIC 55**

<u>Sponsor(s)</u> MAYO RICHARDSON J		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-65
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LD 338 proposed to add a provision to the Maine Consumer Credit Code to exempt no-interest credit sales made by any affiliate of an international nonprofit housing organization that builds and renovates affordable housing that is sold for no profit to the organization from the Code's provisions, other than the truth-in-lending provisions of Article 8 and certain administration provisions of Article 6.

Committee Amendment "A" (S-65) replaced section 3 of the bill to alter the language describing the transactions excluded from the provisions of the Maine Consumer Credit Code and the nonprofit organization that makes those transactions.

Enacted law summary

Public Law 2005, chapter 55 clarifies that the Maine Consumer Credit Code does not apply to no-interest credit sales by a nonprofit organization that assists in building and renovating housing for those in need, except for the truth-in-lending provisions of Article 8 and certain administration provisions of Article 6.

LD 346 **An Act To Amend Group Insurance Funding Requirements** **PUBLIC 98**

<u>Sponsor(s)</u> PERRY J PERRY A		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-83
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LD 346 proposed to authorize a self-insured group workers' compensation trust that has been in existence for 10 years to fund at the 65% or higher confidence level upon approval of the superintendent.