

# 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*

**Committee Amendment "A" (S-83)** replaced the bill. The amendment proposed to retain the substance of the bill to provide that a self-insured group workers' compensation trust that has been in existence for 10 years may, upon approval of the superintendent, fund at the 65% or higher confidence level. The amendment also proposed to establish criteria for the superintendent's review of a request by an individual or group self-insurer for a reduction in the required confidence level.

### *Enacted law summary*

Public Law 2005, chapter 98 provides that a self-insured group workers' compensation trust that has been in existence for 10 years may, upon approval of the superintendent, fund at the 65% or higher confidence level. The law also establishes criteria for the superintendent's review of a request by an individual or group self-insurer for a reduction in the required confidence level.

**LD 376**                      **An Act To Enhance Uniformity of Insurance Producer Licensing**                      **PUBLIC 43**

<u>Sponsor(s)</u> FISCHER		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-45
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LD 376 proposed to eliminate the biennial continuation fee for producers with independent producer authority and to eliminate the limited "annuities contracts" license. The bill also proposed to authorize the superintendent to establish by rule the number, not to exceed 30, of continuing education credit hours required of resident producer and consultant licensees under the Maine Insurance Code rather than continue to specify the number of hours by law, in order to facilitate flexibility and enhance the ability to remain compliant with uniformity initiatives.

**Committee Amendment "A" (H-45)** incorporated a fiscal note.

### *Enacted law summary*

Public Law 2005, chapter 43 eliminates the biennial continuation fee for producers with independent producer authority, as such licensees are the only producers still subject to such a fee. It also eliminates the limited "annuities contracts" license. Finally, it authorizes the superintendent to establish by rule the number, not to exceed 30, of continuing education credit hours required of resident producer and consultant licensees under the Maine Insurance Code.

**LD 394**                      **An Act To Create a High-risk Pool in the Health Insurance Market**                      **ONTP**

<u>Sponsor(s)</u> MCKANE WESTON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 394 proposed to create the Comprehensive Health Insurance Risk Pool Association. The purpose of the association is to spread the cost of high-risk individuals among all health insurers. The bill would fund the high-risk pool through an assessment on insurers. An individual insured through the high-risk pool may be charged a

## *Joint Standing Committee on Insurance and Financial Services*

premium up to 150% of the average premium rates charged by carriers for similar health insurance plans. The bill would require the State to submit an application to the Federal Government for federal assistance to create a high-risk pool.

The bill also proposed to broaden the community rating laws to allow carriers to vary premiums on the basis of age within a maximum rate differential on a ratio of 4 to one and on the basis of health status and tobacco use within a maximum rate differential on a ratio of 1.5 to one. The bill also removes the guaranteed issuance requirement for individual health plans, effective October 1, 2005.

### **LD 408                      An Act Limiting Recovery of Disability Benefits Subject to Offsets                      PUBLIC 42**

<u>Sponsor(s)</u> PERRY J		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-23
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LD 408 proposed to limit the rate at which an insurer's overpayment of disability income benefits may be recovered by the insurer through offsets against current payments to the insured.

**Committee Amendment "A" (S-23)** proposed to limit the rate at which an insurer's overpayment of disability income benefits may be recovered by the insurer through offsets to 20% against current payments to the insured instead of the 10% limit on the rate of recovery proposed in the bill. The amendment also clarified that the requirements for disclosure to insureds relate only to disability income policies that were applied for after September 13, 2003.

#### ***Enacted law summary***

Public Law 2005, chapter 42 limits the rate at which an insurer's overpayment of disability income benefits may be recovered by the insurer through offsets against current payments to the insured to 20%. The law also clarifies that the requirements for disclosure to insureds relate only to disability income policies that were applied for after September 13, 2003.

### **LD 409                      An Act To Clarify the Superintendent of Insurance's Authority To Assess Civil Penalties                      PUBLIC 41**

<u>Sponsor(s)</u> MILLS P		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-22
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LD 409 proposed to amend the Maine Revised Statutes, Title 24-A, section 12-A to delete the provision requiring the Superintendent of Insurance to give the Attorney General 90 days to elect to pursue a disciplinary action in Superior Court before the superintendent can proceed with an administrative action in the matter.

The bill proposed to add language requiring the superintendent to give the Attorney General or the Attorney General's designee notice of any adjudicatory hearing scheduled in which civil penalties may be assessed.

**Committee Amendment "A" (S-22)** proposed to amend the Maine Revised Statutes, Title 24-A, section 12-A to delete the provision requiring the Superintendent of Insurance to give the Attorney General 90 days to elect to