

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
123<sup>RD</sup> LEGISLATURE  
SECOND REGULAR AND FIRST SPECIAL SESSIONS



Summaries of bills, adopted amendments and laws enacted or finally passed  
during the Second Regular or First Special Sessions of the 123<sup>rd</sup> Maine  
Legislature coming from the

**JOINT STANDING COMMITTEE ON INSURANCE AND  
FINANCIAL SERVICES**

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**STATE OF MAINE**  
123<sup>RD</sup> LEGISLATURE  
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**LEGISLATIVE DIGEST OF BILL SUMMARIES AND  
ENACTED LAWS**

This *Legislative Digest of Bill Summaries and Enacted Laws* summarizes all bills and adopted amendments and all laws enacted or finally passed during the Second Regular or First Special Sessions of the 123<sup>rd</sup> Maine Legislature.

The *Digest* is arranged alphabetically by committee, and within each committee by LD number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. The appendices include a summary of relevant session statistics, an index of all bills by LD number and an index of enacted laws by law type and chapter number.

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>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>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; bill died</i>
<i>ONTP (or Accepted ONTP report)</i> .....	<i>Ought Not To Pass report accepted; bill died</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>

The effective date for non-emergency legislation enacted in the Second Regular Session (R2) is June 30, 2008. The effective date for non-emergency legislation enacted in the First Special Session (S1) is July 18, 2008.<sup>1</sup> The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills. Any bill summarized in this document having an LD number less than 1932 was a bill carried over from the First Regular Session of the 123<sup>rd</sup> Legislature.

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<sup>1</sup> The session in which each law was enacted or finally passed (R2 or S1) is included in Appendix C.

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

1. It changes the funding mechanism for the Maine Individual High-risk Reinsurance Pool Association established in the bill from a 2% assessment on gross direct premiums of health maintenance organizations to a maximum assessment of \$2 per person covered under health insurance policies.
2. Under the bill, a carrier is permitted to vary the premium rate due to the geographic area of the individual. This amendment prohibits a carrier from varying the premium rate due to geographic area. In addition, unlike the bill, which set out different maximum rate differentials for the different allowable variance factors, this amendment provides that the premium rate may not deviate above or below the community rate filed by the carrier by more than 40%.
3. This amendment changes the definition of "dependent" for purposes of the Maine Individual High-risk Reinsurance Pool Association to correspond with the definition of "dependent child" as used in the law governing health insurance contracts.
4. Committee Amendment "A" provides that a carrier that offered individual health plans prior to January 1, 2009 may close its individual book of business sold prior to January 1, 2009 and may establish a separate community rate for individuals applying for coverage under an individual health plan after January 1, 2009. This amendment changes those dates to January 1, 2010.
5. This amendment amends the provision concerning reimbursement of insurers to change the applicable dates to January 1, 2010.

House Amendment "A" to Committee Amendment "A" was not adopted.

### **LD 2066**    **An Act To Clarify the Laws Governing the Extension of Health Care Coverage to Dependents**

**PUBLIC 514**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BARSTOW	OTP-AM	H-710

Public Law 2007, chapter 115 enacted last session requires that, if an insurer provides coverage for dependents, the insurer must offer to extend such coverage until the dependent is 25 years of age. LD 2066 clarifies that law so that it is not necessary for the dependent to be currently insured by that insurer for that insurer to offer coverage until the dependent is 25 years of age. In addition, the bill amends the definition of "dependent child" to eliminate the requirement that the child is not provided coverage under any other individual or group health insurance policy or health maintenance organization contract or under a federal or state government program. LD 2066 also requires insurers to provide notice of the availability of coverage until the dependent is 25 years of age. Finally, the bill requires insurers to hold a special open enrollment period during which a covered individual may elect to enroll a dependent child.

#### **Committee Amendment "A" (H-710)**

This amendment replaces the bill. As in the bill, the amendment clarifies that it is not necessary that the dependent be currently insured by that insurer for that insurer to be required to offer coverage until the dependent is 25 years of age. The amendment also includes the change in the bill that amends the definition of "dependent child" to eliminate the requirement that the child is not provided coverage under any other individual or group health insurance policy or health maintenance organization contract or under a federal or state government program.

The amendment also requires insurers to provide notice of the availability of extended coverage for dependents upon renewal or at least once annually. This notice requirement is repealed on January 1, 2012. Finally, the amendment eliminates the section in the bill that would have required insurers to hold a special open enrollment period.

# Joint Standing Committee on Insurance and Financial Services

## Enacted Law Summary

Public Law 2007, chapter 514 amends the law enacted last session that requires insurers that provide coverage to dependents to offer an extension of health coverage until the dependent is 25 years of age. Public Law 2007, chapter 514 clarifies that it is not necessary that the dependent be currently insured by that insurer for that insurer to be required to offer coverage until the dependent is 25 years of age. The law amends the definition of "dependent child" to eliminate the requirement that the child is not provided coverage under any other individual or group health insurance policy or health maintenance organization contract or under a federal or state government program.

Public Law 2007, chapter 514 also requires insurers to provide notice of the availability of extended coverage for dependents upon renewal or at least once annually. This notice requirement is repealed on January 1, 2012.

## LD 2091 An Act To Protect Life Insurance Consumers

PUBLIC 543

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BRAUTIGAM	OTP-AM	H-774

LD 2091 amends the Viatical and Life Settlements Act. The bill expands the definition of a "viatical settlement contract" to more specifically exempt from the definition those premium finance transactions and other transactions that are not settlement contracts. The bill extends from 2 to 5 years the general waiting period for settlements and expands the specified exceptions under which policyholders could settle their policies and not be subject to the 5-year settlement waiting period. The bill also specifically requires disclosure to a viator that a viatical settlement broker exclusively represents the viator.

### Committee Amendment "A" (H-774)

This amendment replaces the bill and makes the following changes to the Viatical and Life Settlements Act.

1. It repeals the definition of "settlement contract" and enacts a new definition of "settlement contract".
2. It designates entering into stranger-originated life insurance a fraudulent viatical or life settlement act and defines "stranger-originated life insurance".
3. It designates failing to disclose to the insurer when requested by the insurer that the prospective insured has undergone a life expectancy evaluation by a person other than the insurer a fraudulent viatical or life settlement act.
4. It extends the prohibition on settlement of a policy to any time prior to, or at the time of application for, the issuance of a policy.

The amendment also requires the Superintendent of Insurance to review other state and model laws relating to viatical and life settlements and make recommendations, including recommendations for legislation, by March 1, 2009 related to the solicitation of life insurance for the purpose of settling policies, the use of premium finance agreements in association with viatical and life settlements and the disclosures made to viators and owners of life insurance policies. The amendment gives the Joint Standing Committee on Insurance and Financial Services authority to submit legislation to the 124th Legislature based on the superintendent's recommendations.

## Enacted Law Summary

Public Law 2007, chapter 543 makes changes to the Viatical and Life Settlements Act. The law repeals the definition of "settlement contract" and enacts a new definition of "settlement contract". The law designates entering into stranger-originated life insurance a fraudulent viatical or life settlement act and defines "stranger-originated life insurance". The law also designates as a fraudulent viatical or life settlement act the failure to disclose to the insurer