

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 362

S. P. 154

In Senate, January 22, 1981

Referred to the Committee on Business Legislation. Sent down for concurrence and ordered printed.

MAY M. ROSS, Secretary of the Senate

Presented by Senator Najarian of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Amend the Group and Blanket Health Insurance Law.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 24-A MRSA § 2803, as enacted by PL 1969, c. 132, § 1, is repealed and the following enacted in its place:

§ 2803. Requirements

No policy of group health insurance may be delivered in this State unless it conforms to one of the descriptions set forth in sections 2804 to 2809.

Sec. 2. 24-A MRSA § 2804, as amended by PL 1969, c. 177, § 49, is repealed and the following enacted in its place:

§ 2804. Employee groups

A group of individuals may be insured under a policy issued to an employer or to the trustees of a fund established by an employer, which employer or trustees shall be deemed the policy-holder, to insure employees of the employer for the benefit of persons other than the employer, subject to the following requirements.

1. The employees eligible for insurance under the policy shall be all of the employees of the employer, or all of any class or classes thereof. The policy may provide that the term "employees" includes the employees of one or more subsidiary corporations and the employees, individual proprietors, and partners

of one or more affiliated corporations, proprietorships or partnerships if the business of the employer and of the affiliated corporations, proprietorships or partnerships is under common control. The policy may provide that the term "employees" includes the individual proprietor or partners if the employer is an individual proprietorship or partnership. The policy may provide that the term "employees" includes retired employees and directors of a corporate employer. A policy issued to insure the employees of a public body may provide that the term "employees" includes elected or appointed officials.

2. The premium for the policy shall be paid either from the employer's funds or from funds contributed by the insured employees, or from both. Except as provided in subsection 3, a policy on which no part of the premium is to be derived from funds contributed by the insured employees must insure all eligible employees, except those who reject such coverage in writing.

3. An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

Sec. 3. 24-A MRSA § 2805, as enacted by PL 1979, c. 132, § 1, is repealed and the following enacted in its place:

§ 2805. Labor union groups

A group of individuals may be insured under a policy issued to a labor union or similar employee organization, which shall be deemed to be the policyholder, to insure members of that union or organization for the benefit of persons other than the union or organization or any of its officials, representatives or agents, subject to the following requirements.

1. The members eligible for insurance under the policy shall be all of the members of the union or organization or all of any class or classes thereof.

2. The premium for the policy shall be paid either from funds of the union or organization, or from funds contributed by the insured members specifically for their insurance, or from both. Except as provided in subsection 3, a policy on which no part of the premium is to be derived from funds contributed by the insured members specifically for their insurance must insure all eligible members, except those who reject such coverage in writing.

3. An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

Sec. 4. 24-A MRSA § 2806, as last amended by PL 1977, c. 655, § 2, is repealed and the following enacted in its place:

§ 2806. Trustee groups

A group of individuals may be insured under a policy issued to a trust or to the trustee or trustees of a fund established by 2 or more employers, or by one or more labor unions or similar employee organizations, or by one or more employers and one or more labor unions or similar employee organizations, which

trust or trustee or trustees shall be deemed the policyholder, to insure employees of the employers or members of the unions or organizations for the benefit of persons other than the employers or the unions or organizations, subject to the following requirements.

1. The persons eligible for insurance shall be all of the employees of the employers or all of the members of the unions or organizations, or all of any class or classes thereof. The policy may provide that the term "employees" includes retired employees, the individual proprietor or partners if an employer is an individual proprietorship or a partnership and directors of a corporate employer. The policy may provide that the term "employees" includes the trustees or their employees, or both, if their duties are principally connected with that trusteeship.

2. The premium for the policy shall be paid from funds contributed by the employer or employers of the insured persons or by the union or unions or similar employee organizations, or by both, or from funds contributed by the insured persons or from both the insured persons and the employer or union or similar employee organization. Except as provided in subsection 3, a policy on which no part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance must insure all eligible persons, except those who reject such coverage in writing.

3. An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

Sec. 5. 24-A MRSA § 2807, as amended by PL 1979, c. 127, § 156-A, is further amended to read:

§ 2807. Debtor groups

A group of individuals may be insured under a policy issued to a creditor, or its parent holding company or to a trustee or trustees or agent designated by 2 or more creditors, which creditor, holding company, affiliate, trustee, trustees or agent shall be deemed the policyholder, insuring a group of to insure debtors of the creditor or a group of debtors of the 2 or more creditors, as the case may be, all as defined and set forth under section 2604, provided that the amount of indemnity payable with respect to any person insured thereunder shall not at any time exceed the aggregate of the periodic scheduled unpaid installments, including, with respect to mortgage indebtedness, such real estate taxes and insurance costs incident to the mortgaged property as may become due during the scheduled period and provided that nothing in this paragraph shall be construed or deemed to apply to or affect disability benefit provisions in group credit life insurance policies as authorized under section 2604.

Sec. 6. 24-A MRSA § 2809, sub-§ 1, as enacted by PL 1969, c. 132, § 1, is amended to read:

1. Any policy of group health insurance issued pursuant to sections 2804 (employee groups), 2805 (union and employee association groups) (labor union

groups), 2806 (trustee groups) or 2808 (other groups) may include coverage for members of the family or dependents of individuals otherwise insured in such groups.

STATEMENT OF FACT

The present statutory sections concerning the groups of persons to whom group health insurance policies may be issued are patterned after the corresponding provisions of the Group Life Insurance Law. Since the group life insurance provisions are being changed by proposed legislation, similar changes are being made in the Group Health and Blanket Insurance Law in order to retain the consistency in these statutory sections.