

# MAINE STATE LEGISLATURE

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(New Draft of H.P. 1138, L.D. 1548)  
FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1845

H.P. 1351 House of Representatives, June 11, 1987  
Reported by Representative GARLAND from the Committee on  
Banking and Insurance and printed under Joint Rule 2.  
EDWIN H. PERT, Clerk  
Original bill sponsored by Representative REED of  
Falmouth. Cosponsored by Senator CLARK of Cumberland and  
Representative ALIBERTI of Lewiston.

STATE OF MAINE

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

1 AN ACT to Amend the Law Relating to Group Life  
2 and Health Insurance.  
3

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

6 Sec. 1. 24-A MRSA §2412, sub-§1, as amended by  
7 PL 1973, c. 585, §12, is further amended to read:

8 1. No basic insurance policy or annuity contract  
9 form, or application form ~~where~~ when written applica-  
10 tion is required and is to be made a part of the poli-  
11 cy or contract, or printed rider or endorsement form  
12 or form of renewal certificate, ~~shall~~ may be deliv-  
13 ered, or issued for delivery in this State, unless  
14 the form has been filed with and approved by the su-  
15 perintendent. This provision shall not apply to sure-

1 ty bonds, or to specially rated inland marine risks,  
2 or to policies, riders, endorsements or forms of  
3 unique character designed for and used with relation  
4 to insurance upon a particular subject, or which re-  
5 late to the manner of distribution of benefits or to  
6 the reservation of rights and benefits under life or  
7 health insurance policies and are used at the request  
8 of the individual policyholder, contract holder, or  
9 certificate holder. This provision shall also apply  
10 to "other group" insurance policies, as defined in  
11 sections 2612-A and 2808, effectuated and delivered  
12 outside this State, but covering persons resident in  
13 this State. As to group insurance policies issued  
14 outside the State to trustee groups pursuant to sec-  
15 tions 2606-A and 2806, and to association groups pur-  
16 suant to sections 2607-A and 2805-A, the group cer-  
17 tificate to be delivered or issued for delivery in  
18 this State shall be filed with the superintendent, at  
19 least 60 days prior to any solicitation in this  
20 State, along with sufficient information concerning  
21 the nature of the group, including any trust agree-  
22 ments or association bylaws. The foregoing certifi-  
23 cate and information shall be filed for the limited  
24 purpose of permitting the superintendent to determine  
25 whether the group is a bona fide trustee group, as  
26 defined in sections 2606-A and 2806, or a bona fide  
27 association group, as defined in sections 2607-A and  
28 2805-A. As to group insurance policies issued to  
29 groups, other than those described in this subsec-  
30 tion, effectuated and delivered outside this State,  
31 but covering persons resident in this State, the  
32 group certificates to be delivered or issued for de-  
33 livery in this State shall be filed, for the  
34 superintendent's information only, with the superin-  
35 tendent at his request. As to forms for use in prop-  
36 erty, marine other than wet marine and transportation  
37 insurance, casualty and surety insurance coverages,  
38 the filing required by this subsection may be made by  
39 rating organizations on behalf of its members and  
40 subscribers; but this provision shall not be deemed  
41 to prohibit any such member or subscriber from filing  
42 any such forms on its own behalf.

43 Sec. 2. 24-A MRS §2612-A, sub-§1, as enacted by  
44 PL 1981, c. 150, §16, is amended to read:

1 1. No such group life insurance policy may be  
2 delivered in this State, pursuant to this section,  
3 unless the superintendent finds that:

4 ~~A. The issuance of the group policy is not con-~~  
5 ~~trary to the best interest of the public policy-~~  
6 ~~holder is a bona fide group formed for purposes~~  
7 ~~other than the procurement of insurance;~~

8 B. The issuance of the group policy would be ac-  
9 tuarially sound;

10 C. The issuance of the group policy would result  
11 in ~~economies~~ economies of acquisition or adminis-  
12 tration; and

13 D. The benefits are reasonable in relation to  
14 the premiums charged.

15 Sec. 3. 24-A MRSA §2612-A, sub-§2, as enacted by  
16 PL 1981, c. 150, §16, is repealed and the following  
17 enacted in its place:

18 2. No group life insurance coverage may be of-  
19 fered in this State, pursuant to this section, by an  
20 insurer under a policy issued in another state, un-  
21 less the superintendent has made a determination that  
22 the requirements of subsection 1, paragraphs A, B, C  
23 and D have been met.

24 Sec. 4. 24-A MRSA §2808, sub-§1, as enacted by  
25 PL 1981, c. 147, §8, is amended to read:

26 1. No group health insurance policy may be de-  
27 livered in this State, pursuant to this section, un-  
28 less the superintendent finds that:

29 ~~A. The issuance of the group policy is not con-~~  
30 ~~trary to the best interest of the public policy-~~  
31 ~~holder is a bona fide group formed for purposes~~  
32 ~~other than procurement of insurance;~~

33 B. The issuance of the group policy would be ac-  
34 tuarially sound;

35 C. The issuance of the group policy would result  
36 in ~~economies~~ economies of acquisition or adminis-  
37 tration; and

1 D. The benefits are reasonable in relation to  
2 the premiums charged.

3 Sec. 5. 24-A MRSA §2808, sub-§2, as enacted by  
4 PL 1981, c. 147, §8, is repealed and the following  
5 enacted in its place:

6 2. No group health insurance coverage may be of-  
7 fered in this State, pursuant to this section, by a  
8 insurer under a policy issued in another state, un-  
9 less the superintendent has made a determination that  
10 the requirements of subsection 1, paragraphs A, B, C  
11 and D have been met.

12 STATEMENT OF FACT

13 This new draft addresses the problem of "pseudo  
14 groups" in a more focused manner than the original  
15 bill. Under section 1 of the new draft, trustee  
16 groups and association groups will be required to  
17 file certain information with the Superintendent of  
18 Insurance prior to the effectuation of insurance to  
19 assure that they are bona fide entities rather than  
20 groups formed solely for purposes of evading insur-  
21 ance regulation. So-called "other groups," those not  
22 fitting within specific statutory categories, will be  
23 required to obtain regulatory approval of their poli-  
24 cy forms prior to the effectuation of insurance cov-  
25 ering Maine residents.

26 Sections 2 to 5 of the new draft clarify the  
27 standards under which the superintendent will review  
28 policies proposed by so-called "other groups." The  
29 vague "public interest" standard is replaced by lan-  
30 guage requiring "other groups" to be bona fide enti-  
31 ties formed for purposes other than procurement of  
32 insurance.

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