

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No 12

S.P. 42

In Senate, January 19, 1989

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 24.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator THERIAULT of Aroostook.
Cosponsored by Senator COLLINS of Aroostook.

STATE OF MAINE

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

**AN ACT to Clarify the Law Concerning the Inclusion of Nursing Home
Benefits in Life Insurance Policies.**



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

3 24-A MRSA §2555 is enacted to read:

5 §2555. Inclusion of nursing home benefits in life insurance
7 policies

9 1. In order to offer a life insurance policy providing for
11 acceleration of life insurance or annuity benefits in advance of
13 the time the benefits would otherwise be payable because of
15 nursing home confinement, diagnosis of terminal illness or for
17 substantially similar reasons, the insurer must have a
19 certificate of authority to transact life or life and health
21 insurance in this State.

23 2. The superintendent shall promulgate reasonable rules, in
25 accordance with the Maine Administrative Procedure Act, Title 5,
27 chapter 375, to provide for the full and fair disclosure of
29 information in connection with the sale of the policies referred
31 to in subsection 1, and may include, but are not limited to,
33 definitions, acceptable restrictions on benefit payments,
35 coverage periods and nonforfeiture requirements.

37 STATEMENT OF FACT

39 Currently, the Bureau of Insurance is not approving nursing home benefit riders for attachment to life insurance policies because of potential inconsistencies with private insurance company licensing processes. This bill clearly specifies which types of certificates of authority an insurer must possess in order to write the business.

Additionally, the superintendent is given authority to develop standards in 4 areas to clarify the product. The similarity of the product to health insurance, but its inclusion in life insurance products, results in the need for the development of specific standards for application to a unique product.