

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

1
3
5
7
9
11
13
15
17
19
21
23
25
27
29
31
33
35
37
39
41
43
45
47
49

STATE OF MAINE
HOUSE OF REPRESENTATIVES
114TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 411, L.D. 554, Bill, "An Act to Clarify Use of Corporate-owned Life Insurance Policies"

Amend the bill in section 2 in paragraph D in the 2nd line (page 2, line 7 in L.D.) by inserting after the following: "employees" the following: ', former employees and retirees'

Further amend the bill in section 2 in paragraph D in the 5th line (page 2, line 10 in L.D.) by inserting after the following: "former employees" the following: ', retirees'

Further amend the bill in section 2 in paragraph D in the 7th line (page 2, line 12 in L.D.) by inserting after the following: "includes" the following: 'former employees, retirees or'

Further amend the bill in section 2 in paragraph D in the last line (page 2, line 14 in L.D.) by inserting after the underlined word "employment" the following: 'and that the proceeds created by that insurance program are used for the sole purpose of funding the corporation's preretirement or postretirement benefit programs'

Further amend the bill by inserting before the emergency clause the following:

'Sec. 3. 24-A MRSA §2408, as enacted by PL 1969, c. 132, §1, is repealed and the following enacted in its place:

§2408. Consent of insured for health and life insurance

1. No life or health insurance contract upon an individual, including contracts which may arise under section 2404, subsection 3, paragraph D, may be made or effectuated, unless at the time of the making of the contract the individual insured, being of competent legal capacity to contract, applies for coverage or has provided written consent, except under the following circumstances.

1

A. A spouse may effectuate insurance upon the other spouse.

3

5

B. Any person having an insurable interest in the life of a minor, or any person upon whom a minor is dependent for support and maintenance, may effectuate insurance upon the life of the minor.

7

9

C. Family policies may be issued insuring 2 or more members of a family on an application signed by either parent, a stepparent or a spouse.

11

13

2. This section does not apply to:

15

A. Group life insurance contracts other than group contracts which may arise under section 2404, subsection 3, paragraph D;

17

19

B. Group annuity contracts; or

21

C. Group or blanket health insurance contracts.'

23

25

STATEMENT OF FACT

27

This amendment permits corporations to obtain life insurance on its former employees and retirees, as well as on current employees for the purpose of funding benefits, but makes it clear that the proceeds of that insurance must be used for the sole purpose of funding these benefits.

29

31

33

The amendment also rewords the current law prohibiting the making of a life or health insurance contract without the consent of the insured person, and clarifies that consent must be obtained for individual or group policies issued to corporations, as permitted by the bill. Group contracts are generally excluded from the consent requirement.

35

37

Reported by the Committee on Banking and Insurance
Reproduced and distributed under the direction of the Clerk of the
House
5/31/89

(Filing No. H-356)