

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

## SECOND REGULAR SESSION - 1990

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Legislative Document

No. 2195

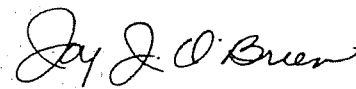
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S.P. 859

In Senate, January 19, 1990

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.

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

  
JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator CAHILL of Sagadahoc.

Cosponsored by Representative WHITCOMB of Waldo and Representative COTE of Auburn.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY

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An Act to Ensure the Proper Delivery of Insurance Benefits.

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

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4           Sec. 1. 24 MRSA §2302-B is enacted to read:

6           §2302-B. Penalty for failure to notify of hospitalization

8           No contract issued by a nonprofit hospital or medical  
10 services organization may include a provision permitting the  
12 organization to impose a penalty, other than a denial of  
14 reimbursement of hospitalization expenses in an amount not  
16 greater than \$25 per hospitalization, for the failure of any  
18 person to notify the organization of a covered person's  
20 hospitalization within a certain time.

22           This section applies to contracts and certificates executed,  
24 delivered, issued for delivery, continued or renewed in this  
26 State on or after the effective date of this section. For  
28 purposes of this section, all contracts are deemed to be renewed  
30 no later than the next yearly anniversary of the contract date.

32           Sec. 2. 24-A MRSA §2749-A is enacted to read:

34           §2749-A. Penalty for failure to notify of hospitalization

36           No insurance policy may include a provision permitting the  
38 insurer to impose a penalty, other than a denial of reimbursement  
40 of hospitalization expenses in an amount not greater than \$25 per  
42 hospitalization, for the failure of any person to notify the  
44 insurer of an insured person's hospitalization within a certain  
46 time.

48           This section applies to policies and certificates executed,  
50 delivered, issued for delivery, continued or renewed in this  
State after the effective date of this section. For purposes of  
this section, all policies are deemed to be renewed no later than  
the next yearly anniversary of the contract date.

          Sec. 3. 24-A MRSA §2848 is enacted to read:

§2848. Penalty for failure to notify of hospitalization

No insurance policy may include a provision permitting the  
insurer to impose a penalty, other than a denial of reimbursement  
for hospitalization expenses in an amount not greater than \$25  
per hospitalization, for the failure of any person to notify the  
insurer of an insured person's hospitalization within a certain  
time.

This section applies to policies and certificates executed,  
delivered, issued for delivery, continued or renewed in this  
State after the effective date of this section. For purposes of

this section, all policies are deemed to be renewed no later than  
the next yearly anniversary of the contract date.

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### STATEMENT OF FACT

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Some insurance policies and hospital services plan contracts require that the insurer or organization be notified within a certain period of time when a person covered by the policy or contract has been hospitalized. The insured person is penalized for failure to provide the notification within the required time. This bill limits the penalty that the insurer or plan may impose on a person who fails to comply with the notification requirement. Under the bill, the maximum penalty is the loss of \$25 of reimbursement per hospitalization.