

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
115TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 869, L.D. 1255, Bill, "An Act to Prohibit the Sale of Disease Insurance Policies that Provide Only Minimal Protection"

Amend the bill by striking out the title and substituting the following:

'An Act to Prohibit the Sale of Individual Specific Disease Health Insurance Providing Minimal Benefits'

Further amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

'Sec. 1. 24-A MRSA §2413, sub-§1, ¶E, as amended by PL 1981, c. 234, §2, is further amended to read:

E. As to a life insurance or health insurance policy, if it contains a provision or provisions such as to encourage misrepresentation; ~~e~~

Sec. 2. 24-A MRSA §2413, sub-§1, ¶F, as amended by PL 1989, c. 27, §1, is further amended to read:

F. As to Medicare supplement policies or contracts, as defined in chapter 67, if the policy cannot be anticipated, as estimated for the entire period for which rates are to be computed to provide coverage, on the basis of incurred claims experience and earned premiums for that period and in accordance with accepted actuarial principles and practices, to return to policyholders in the form of aggregate benefits provided under the policy at least 65% of the aggregate amount of premiums collected in the case of individual policies and at least 75% of the aggregate amount of premiums collected in the case of group policies. ; or

Sec. 3. 24-A MRSA §2413, sub-§1, ¶G is enacted to read:

2
4 G. As to an individual health insurance policy, contract or
6 rider, if it insures against a specific disease and does not
8 meet the minimum loss ratio standards specified in
10 subparagraph (2).

12 (1) As used in this paragraph, unless the context
14 otherwise indicates, the following terms have the
16 following meanings.

18 (a) "Conditionally renewable" means renewal may
20 be declined by the insurer by class, geographic
22 area or for stated reasons other than health.

24 (b) "Guaranteed renewable" means renewal may be
26 declined by the insurer only for nonpayment of
28 premium but rates may be revised on a class basis.

30 (c) "Noncancelable" means renewal may not be
32 declined by the insurer and rates may not be
34 revised.

36 (d) "Optionally renewable" means renewal is at
38 the option of the insurer.

40 (2) The loss ratio standards for each type of renewal
42 clause are:

44 (a) Optionally renewable insurance, 60%;

46 (b) Conditionally renewable insurance, 55%; and

(c) Guaranteed renewable and noncancelable
insurance, 50%.'

STATEMENT OF FACT

40 This amendment establishes as Maine law the standards of the
42 National Association of Insurance Commissioners for individual
44 policies of specific disease insurance. It defines the types of
46 renewal clauses and limits the application of the standards to
health insurance. This amendment changes the title of the
original bill to reflect the limitations of the standards to
individual policies.

Reported by the Committee on Banking and Insurance.
Reproduced and distributed under the direction of the Clerk of
the House.

(5/3/91)

(Filing No. H-237)