

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1992

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Legislative Document

No. 2096

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H.P. 1484

House of Representatives, January 7, 1992

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 "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative HASTINGS of Fryeburg.

Cosponsored by Representative MITCHELL of Vassalboro, Representative PENDLETON of Scarborough and Senator THERIAULT of Aroostook.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-TWO

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**An Act to Amend the Group Health Insurance Conversion Laws.**

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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 §2330, sub-§§4 and 6**, as enacted by PL 1981, c. 606, §1, are amended to read:

6       **4. Premium.** The premium on the converted contract shall must be determined in accordance with premium rates applicable to  
8 individually underwritten standard risks for the age and class of risk of each person to be covered and the type and amount of  
10 coverage provided. Experience under converted contracts shall is not be an acceptable basis for establishing rates for converted  
12 contracts, except to the extent permitted by ~~regulations~~ premulgated rules adopted by the superintendent.

14       The superintendent may establish maximum rates by rule for standard benefit options.

18       **6. Conformity to rules.** A converted contract issued under this section shall must conform to ~~regulations--premulgated~~ rules adopted by the superintendent. These ~~regulations--shall~~ rules must ensure that continuity of coverage with similar benefits as determined by the superintendent is previded offered. The rules must also specify plans with more limited benefits that must be offered, but shall may not require a nonprofit service corporation to provide benefits in excess of those provided under the group contract from which conversion is made.

22       **Sec. 2. 24-A MRSA §2809-A, sub-§§4 and 6**, as enacted by PL 1981, c. 606, §2, are amended to read:

28       **4.** The premium on the converted policy shall must be determined in accordance with premium rates applicable to  
30 individually underwritten standard risks for the age and class of risk of each person to be covered and the type and amount of  
32 insurance provided. Experience under converted policies shall is not be an acceptable basis for establishing rates for converted  
34 policies, except to the extent permitted by ~~regulations~~ premulgated rules adopted by the superintendent.

36       The superintendent may establish maximum rates by rule for standard benefit options.

40       **6.** A converted policy issued under this section shall must conform to ~~regulations--premulgated~~ rules adopted by the superintendent. These ~~regulations--shall~~ rules must ensure that continuity of coverage with similar benefits as determined by the superintendent is previded offered. The rules must also specify plans with more limited benefits that must be offered, but shall may not require an insurer to provide benefits in excess of those provided under the group policy from which conversion is made.

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Sec. 3. 24-A MRSA §2809-A, sub-§12 is enacted to read:

12. This section applies to all policies issued in other states to the extent they cover employees whose primary workplace is in this State.

**STATEMENT OF FACT**

Current law requires group health insurers to offer conversion coverage to those no longer eligible for group coverage at premium rates "in accordance with premium rates applicable to individually underwritten standard risks." This language is difficult to interpret, since many group health insurers do not offer individual policies other than conversions. This bill permits the Superintendent of Insurance to establish maximum rates for standard plans. This would provide guidance to insurers as to what rates will be acceptable and would streamline the approval process.

The bill also clarifies the authority of the superintendent to require insurers to offer limited benefit conversion plans as a lower cost alternative to more comprehensive coverage.

The bill extends the protections of the conversion laws to Maine residents employed by Maine employers insured under out-of-state policies.