

# 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)



# 115th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1992

---

Legislative Document

No. 2278

H.P. 1617

House of Representatives, February 3, 1992

Submitted by the Department of the Attorney General 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 GWADOSKY of Fairfield.  
Cosponsored by Representative PINEAU of Jay and Representative KONTOS of Windham.

---

STATE OF MAINE

---

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

---

**An Act to Require Group Insurance Companies to Notify Covered  
Employees of Nonpayment of Premiums by Employers.**

---



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

2           Sec. 1. 24 MRSA §2370, as enacted by PL 1989, c. 835, §1, is  
4 amended by adding at the end a new paragraph to read:

6           This section is repealed January 1, 1993.

8           Sec. 2. 24 MRSA §2370-A is enacted to read:

10       **§2370-A. Notification required prior to cancellation**

12           Beginning January 1, 1993, a nonprofit service organization  
14 may not cancel a group health certificate for nonpayment of  
16 premiums without providing prior notification to the certificate  
18 holder and another person, if designated by the certificate  
20 holder. The prior notification is not required when the  
22 nonprofit service organization has obtained written notice from  
24 the group healthcare contract holder that coverage has been  
replaced. The superintendent shall adopt, by January 1, 1993,  
rules to provide for notification of the insured person and  
another person, if designated by the insured, prior to  
cancellation of a health certificate for nonpayment of premiums  
and to provide restrictions on cancellation when a certificate  
holder suffers from organic brain disease.

26           The rules may include, but are not limited to, definitions,  
28 minimum disclosure requirements, notice provisions and  
cancellation restrictions.

30           The requirements of this section apply to all group  
32 certificates executed, delivered, issued for delivery, continued  
or renewed in this State.

34           Sec. 3. 24-A MRSA §2847-C is enacted to read:

36       **§2847-C. Notification prior to cancellation**

38           The superintendent shall adopt rules to provide for  
40 notification of the insured person and another person, if  
42 designated by the insured, prior to cancellation of a health  
44 insurance certificate for nonpayment of premiums and to provide  
restrictions on cancellation when an insured person suffers from  
organic brain disease.

46           The rules may include, but are not limited to, definitions,  
48 minimum disclosure requirements, notice provisions and  
cancellation restrictions.

50           The requirements of this section apply to all policies and  
certificates executed, delivered, issued for delivery, continued  
or renewed in this State.

2           This section is repealed January 1, 1993.

4           Sec. 4. 24-A MRSA §2847-D is enacted to read:

6           §2847-D. Notification required prior to cancellation

8           Beginning January 1, 1993, an insurance company may not  
10 cancel a health insurance certificate for nonpayment of premiums  
12 without providing prior notification to the insured person and  
14 another person, if designated by the insured. The prior  
16 notification is not required when the insurer has obtained  
18 written notice from the group policyholder that coverage has been  
20 replaced. The superintendent shall adopt, by January 1, 1993,  
rules to provide for notification of the insured person and  
another person, if designated by the insured, prior to  
cancellation of a health insurance certificate for nonpayment of  
premiums and to provide restrictions on cancellation when an  
insured person suffers from organic brain disease.

22           The rules may include, but are not limited to, definitions,  
24 minimum disclosure requirements, notice provisions and  
cancellation restrictions.

26           The requirements of this section apply to all policies and  
28 certificates executed, delivered, issued for delivery, continued  
or renewed in this State.

30           Sec. 5. 24-A MRSA §2849, as enacted by PL 1989, c. 835, §3  
32 and c. 867, §§8 and 10, is repealed and the following enacted in  
its place:

34           §2849. Continuity on replacement of group policy

36           1. Policies subject to this section. Notwithstanding any  
38 other provision of law, this section applies to all group  
40 policies, except group long-term care policies as defined in  
42 section 5051 or group long-term disability policies, issued by  
44 insurers or health maintenance organizations to policyholders who  
46 are obtaining coverage to replace coverage under a different  
contract or policy issued by any nonprofit hospital or medical  
service organization, insurer or health maintenance  
organization. For purposes of this section, the group policy  
issued to replace the prior contract or policy is the  
"replacement policy." The group contract or policy being  
replaced is the "replaced contract or policy."

48           2. Persons provided continuity of coverage under this  
50 section. This section provides continuity of coverage to persons  
52 who were covered under the replaced contract or policy at any  
time during the 90 days before the discontinuance of the replaced  
contract or policy.

