

MAINE STATE LEGISLATURE

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LDK
R. of S.

L.D. 2425

(Filing No. S-649)

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STATE OF MAINE
SENATE
115TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 957, L.D. 2425, Bill, "An Act to Ensure Financial Solvency of Insurers through Accreditation"

Amend the bill in section 5 in subsection 9 in paragraph E in subparagraph (1) in division (a) in the last line (page 3, line 14 in L.D.) by striking out the following: "or"

Further amend the bill in section 5 in subsection 9 in paragraph E in subparagraph (1) in division (b) in the last line (page 3, line 18 in L.D.) by inserting after the following: "year;" the following: 'or'

Further amend the bill in section 5 in subsection 9 in paragraph E in subparagraph (1) by inserting at the end a new division to read:

'(c) With respect to nonprofit hospital and medical service organizations and their 100% controlled affiliates that operate as monoline health insurers, the lesser of 5% of the entity's admitted assets as of December 31st of the preceding year or 25% of surplus to policyholders;'

Further amend the bill in section 5 in subsection 9 in paragraph E in subparagraph (2) in division (a) in the last line (page 3, line 32 in L.D.) by striking out the following: "or"

Further amend the bill in section 5 in subsection 9 in paragraph E in subparagraph (2) in division (b) in the last line (page 3, line 36 in L.D.) by inserting after the following: "year;" the following: 'or'

COMMITTEE AMENDMENT

2 Further amend the bill in section 5 in subsection 9 in
4 paragraph E in subparagraph (2) by inserting at the end a new
division to read:

6 '(c) With respect to nonprofit hospital and medical
8 service organizations and their 100% controlled
10 affiliates that operate as monoline health insurers,
12 the lesser of 5% of the entity's admitted assets as of
December 31st of the preceding year or 25% of surplus
to policyholders;'

14 Further amend the bill in section 23 in that part designated
16 "~~\$1882.~~" in subsection 3 in paragraph C by striking out the last
4 lines (page 27, lines 1 to 4 in L.D.) and inserting in their
place the following: 'volume of premiums written; and'

18 Further amend the bill by inserting at the end before the
statement of fact the following:

20 **'Sec. 33. Allocation.** The following funds are allocated from
22 Other Special Revenue to carry out the purposes of this Act.

24 1992-93

26 **PROFESSIONAL AND FINANCIAL REGULATION,**
28 **DEPARTMENT OF**

30 **Bureau of Insurance**

30	Positions - Other Count	(2.0)
32	Personal Services	\$119,031
	All Other	33,000
34	Capital Expenditures	11,900

36 Provides for the allocation of funds for the
38 salary, fringe benefits and operating
expenses of 2 Managing Examiner positions to
40 provide greater scrutiny of insurers
operating in Maine.

42 **DEPARTMENT OF PROFESSIONAL AND**
44 **FINANCIAL REGULATION**

TOTAL \$163,931

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FISCAL NOTE

1992-93

APPROPRIATIONS/ALLOCATIONS

Other Funds \$163,931

REVENUES

Other Funds \$163,931

The Bureau of Insurance within the Department of Professional and Financial Regulation will require an allocation of dedicated revenue of \$163,931 in fiscal year 1992-93 for the salary, fringe benefits and operating costs of 2 Managing Examiner positions to provide greater scrutiny and financial surveillance of insurers to ensure solvency.

The Bureau of Insurance has sufficient authority to increase its assessment on insurers to generate additional dedicated revenue of \$163,931 in fiscal year 1992-93.

Section 15 of the bill, which creates an application and license fee for reinsurance intermediaries, may result in an insignificant increase in dedicated revenue.

The additional workload and administrative costs associated with the minimal number of new cases filed in the court system can be absorbed within the budgeted resources of the Judicial Department.'

STATEMENT OF FACT

This amendment changes the standards for notification to the Superintendent of Insurance as they pertain to transactions between a nonprofit hospital and medical service organization and their affiliates. It also narrows the definition of "underwriting manager" in the section defining managing general agents.

Reported by Senator Kany for the Committee on Banking and Insurance. Reproduced and Distributed Pursuant to Senate Rule 12.

(3/19/92)

(Filing No. S-649)