

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

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Legislative Document

No. 1470

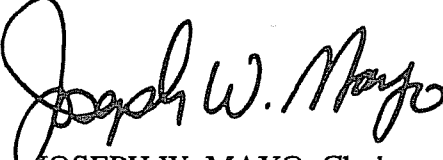
H.P. 1092

House of Representatives, May 7, 1993

**An Act to Establish a Risk-sharing Mechanism for Small Group Health  
Insurance Plans:**

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

  
JOSEPH W. MAYO, Clerk

Presented by Representative CARLETON of Wells.

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

4 **Sec. 1. 24-A MRSA §2808-B, sub-§9** is enacted to read:

6 9. Reinsurance mechanism. Small group carriers, except  
8 nonprofit hospital and medical service organizations, shall form  
10 a reinsurance pool for the purpose of reinsuring small group  
12 risks. The mechanism for reinsuring such risks must be  
14 prospective in nature. This pool may not become operative until  
16 the superintendent has approved a plan of operation. The  
18 superintendent may not approve any plan that the superintendent  
20 determines may be inconsistent with any other provision of this  
22 section. The participants in the plan of operation of the pool  
24 shall guarantee, without limitation, the solvency of the pool.  
26 That guarantee constitutes a permanent financial obligation of  
28 each participant on a pro rata basis.

### STATEMENT OF FACT

22 This bill permits health insurers to combine to reinsure  
24 claims arising after the implementation of last year's small  
26 group health insurance reform, which requires all small group  
28 insurers to accept any group that asks for coverage. The bill  
will prevent any one insurer from being subject to excessive  
losses as a result of accepting a disproportionate number of  
high-risk groups.