

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

SECOND REGULAR SESSION-1994

Legislative Document

No. 1938

S.P. 716

In Senate, February 24, 1994

An Act to Permit Short-term Health Insurance Policies.

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

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator BUTLAND of Cumberland. (GOVERNOR'S BILL).
Cosponsored by Senator: KIEFFER of Aroostook.

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

2 **Sec. 1. 24 MRSA §2349, sub-§1**, as amended by PL 1993, c. 477,
4 Pt. A, §1 and affected by Pt. F, §1, is further amended to read:

6 **1. Contracts subject to this section.** This section applies
8 to all individual and group contracts issued by nonprofit
hospital or medical service organizations, except group long-term
10 care policies as defined in Title 24-A, section 5051, and
short-term contracts. For purposes of this section, a short-term
12 contract is an individual, nonrenewable contract issued for a
term that does not exceed 12 months.

14 **Sec. 2. 24-A MRSA §2736-C, sub-§3, ¶B**, as enacted by PL 1993,
16 c. 477, Pt. C, §1 and affected by Pt. F, §1, is amended to read:

18 B. Renewal must be guaranteed to all individuals except:

20 (1) For nonpayment of the required premiums by the
policyholder or contract holder;

22 (2) For fraud or material misrepresentation by the
policyholder or contract holder;

24 (3) For fraud or material misrepresentation on the part
26 of the individual or the individual's representative;
and

28 (4) When the carrier ceases providing individual health
30 plans in compliance with subsection 4,; and

32 (5) A short-term, nonrenewable policy may be issued
34 for a term not exceeding 12 months. A short-term
policy may not be issued to replace a prior short-term
36 policy if the combined term of the new policy and all
prior successive short-term policies would exceed 12
months.

38 **Sec. 3. 24-A MRSA §2849-B, sub-§1**, as amended by PL 1993, c.
40 477, Pt. A, §8 and affected by Pt. F, §1, is further amended to
read:

42 **1. Policies subject to this section.** This section applies
44 to all individual and group medical insurance policies except
hospital indemnity, specified accident, specified disease,
46 long-term care and Medicare supplement and short-term policies
issued by insurers or health maintenance organizations. For

2 purposes of this section a short-term policy is an individual,
4 nonrenewable policy issued for a term that does not exceed 12
6 months.

8 **STATEMENT OF FACT**

10 This bill exempts short-term, individual health insurance
12 policies from requirements relating to guaranteed renewal and
14 continuity of coverage.

16
18 This document has not yet been reviewed to determine the
20 need for cross-reference, stylistic and other technical
amendments to conform existing law to current drafting standards.