

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1996

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Legislative Document

No. 1755

S.P. 686

In Senate, February 6, 1996

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**An Act Pertaining to Employee Benefit Plans of Employee Leasing Companies.**

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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 "May M. Ross".

MAY M. ROSS  
Secretary of the Senate

Presented by Senator MILLS of Somerset.

Cosponsored by Representatives: GATES of Rockport, MAYO of Bath, VIGUE of Winslow.

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

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**Sec. 1. 24-A MRSA §6603, sub-§1, ¶B,** as enacted by PL 1993, c. 688, §1, is amended to read:

B. Must be established by a trade association, industry association, political subdivision of the State, religious organization, employee leasing company registered in accordance with Title 32, chapter 125 or professional association of employers or professionals that has a constitution or bylaws and that has been organized and maintained in good faith for a continuous period of one year for purposes other than that of obtaining or providing insurance;

**Sec. 2. 32 MRSA §14055, sub-§1, ¶A,** as enacted by PL 1991, c. 468, §4, is repealed and the following enacted in its place:

A. A registered employee leasing company is governed by Title 24-A, sections 2612-A and 2808 for purposes of procurement of group life and health insurance with respect to employees leased to a client. A registered employee leasing company qualifies as an eligible group under Title 24-A, section 2884 for purchase of group legal services insurance. An employee welfare plan or benefit, other than workers' compensation insurance, provided to employee leased to a client company on less than a fully insured basis may be provided only subject to and in accordance with Title 24-A, chapter 81.

**STATEMENT OF FACT**

Current law allows employee leasing companies to provide health and other employee welfare plan benefits to employees leased on a totally unregulated, self-funded basis. This bill allows employee leasing companies to purchase group life, health and legal service insurance with respect to leased employees. The bill would subject self-funded arrangements to the licensing, fiduciary, funding, disclosure and other requirements of state law relating to multiple-employer welfare arrangements.