

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

SECOND REGULAR SESSION-1996

Legislative Document

No. 1762

S.P. 692

In Senate, February 8, 1996

An Act to Further Streamline Licensing Procedures at the Bureau of Insurance.

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 KIEFFER of Aroostook.

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

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

2
4 **Sec. 1. 24-A MRSA §413, sub-§5-A**, as enacted by PL 1985, c. 330, §4, is amended to read:

6 **5-A.** A copy of a current report of examination of the
8 insurer certified by the public insurance supervisory official of
10 the insurer's state of domicile, or of entry into the United
12 States, if an alien insurer. For ~~purpose~~ purposes of this
14 requirement, a report of examination ~~shall be~~ is deemed "current"
16 only if its date of account is within ~~24~~ 36 months of filing of
18 the application, except that the superintendent may, in ~~his~~ the
20 superintendent's discretion, accept a report of examination
within a period reasonably proximate to ~~24~~ 36 months from its
date of account ~~which that~~ that is filed by the applicant promptly
upon its receipt ~~where~~ when issuance of the report by the
domiciliary regulator has been delayed for reasons beyond the
control of the applicant and ~~which that~~ that are unrelated to the
applicant's financial condition or its compliance with applicable
laws;

22 **Sec. 2. 24-A MRSA §419, sub-§1**, as amended by PL 1983, c. 419,
24 §5, is further amended to read:

26 **1.** The suspension of an insurer's certificate of authority
28 shall ~~must~~ be for such period as the superintendent specifies in
the order of suspension, ~~but not to exceed one year~~. During the
30 suspension period, the superintendent may rescind or shorten the
32 suspension period by further order. The superintendent may
34 reinstate the insurer's certificate of authority upon written
request of the insurer if the superintendent finds that the
causes of the suspension are no longer continuing and that the
insurer is otherwise in compliance with the requirements of this
Title.

36 **Sec. 3. 24-A MRSA §1518, sub-§1-A** is enacted to read:

38 **1-A.** Written application must be filed for reinstatement of
40 an inactive license. The application must include an appointment
form and the appropriate fee, a reinstatement application and
42 application fee and, if applicable, a license issuance fee.

44 **Sec. 4. 24-A MRSA §1521, sub-§1**, as amended by PL 1993, c.
153, §11, is further amended to read:

46 **1.** An applicant for license covering the same kind or kinds
48 of insurance for which the applicant was licensed under a similar
license in this State, other than a temporary license issued
50 pursuant to section 1536, within ~~one year~~ 2 years next preceding
the date of application for the license, ~~provided that if~~ if the
licensee has met the applicable continuing education requirements

2 during the period, unless the previous license was revoked,
suspended or continuation of the license was refused by the
4 superintendent, and if the superintendent considers the applicant
to be fully qualified for the license. For the purposes of this
6 subsection, an agent's license covering fire insurance and
existing on January 1, 1970 is the equivalent of a license
covering "property" insurance as defined in this Title;

8
9 **Sec. 5. 24-A MRSA §1532-A, sub-§7**, as amended by PL 1993, c.
10 153, §14, is further amended to read:

12 7. Resident agent and resident agent organization licenses
13 are valid until 12:01 a.m. on October 1st of even-numbered years,
14 unless prior to that date the license was suspended, revoked or
15 otherwise terminated, while there is in effect as to the license,
16 as shown by the superintendent's records, an appointment or
17 appointments as agent of authorized insurers covering
18 collectively all the kinds of insurance included in the agent's
license. Nonresident agent and nonresident agent organization
20 licenses are valid until 12:01 a.m. on February 1st of
21 odd-numbered years unless before that date the license was
22 suspended, revoked or otherwise terminated, while there is in
23 effect as to the license, as shown by the superintendent's
24 records, an appointment or appointments of an agent or agents of
25 authorized insurers that collectively cover all the kinds of
26 insurance included in the agent's license. Upon termination of
27 all the licensee's appointments, as to a particular kind of
28 insurance, ~~and failure to replace those appointments within 60~~
29 ~~days thereafter, the license terminates as to those kinds of~~
30 ~~insurance and the licensee shall promptly deliver the license to~~
31 ~~the superintendent for reissuance, without fee or charge, as to~~
32 ~~these kinds of insurance, if any, covered by the remaining~~
33 appointments the agent's authority to sell that kind of insurance
34 terminates and the agent is prohibited from selling that kind of
35 insurance until the appointment is replaced. The insurer must
36 verify in its cancellation of an appointment filed with the
37 superintendent pursuant to section 1535, subsection 2 that the
38 agent has been notified of the loss of authority to represent the
39 insurer. A new license for the kinds of insurance covered by the
40 remaining authorities will be issued at the time of renewal.
41 Upon termination of all the licensee's appointments, the license
42 terminates and the agent is prohibited from selling any kind of
43 insurance until the agent files an application for reinstatement
44 pursuant to section 1518 and either:

45 A. A new license is issued; or

46
47 B. The agent receives notification from an insurer pursuant
48 to section 1533 that a new appointment is in effect with the
49 superintendent.
50

2 Insurers are prohibited from accepting business from an agent who
4 does not have a valid appointment on file with the
6 superintendent. The agent's license is considered inactive for a
period of 2 years from the date of the loss of the last
appointment.

8 **Sec. 6. 24-A MRSA §1533, sub-§1**, as amended by PL 1993, c.
10 637, §23, is further amended to read:

12 1. Each insurer appointing an agent in this State shall
14 file with the superintendent the appointment in writing,
16 specifying the kinds of insurance or annuity business to be
18 transacted by the agent for the insurer, and pay the appointment
20 fee at the rate specified in section 601. The insurer shall pay
22 the full appointment fee without regard to the effective date of
24 the appointment. An agent who qualifies to be licensed to sell
26 variable annuity contracts pursuant to section 1520 must be
separately appointed as to variable annuities and the insurer
shall pay a separate appointment fee for the appointment. Once
the superintendent has processed the appointment and notified the
insurer that the appointment is in effect, the insurer must
notify its agent of the effective date of the appointment
authorization. The superintendent is not required to send a
confirmation of appointment to the agent.

28 **Sec. 7. 24-A MRSA §2736-C, sub-§9** is enacted to read:

30 **9. Exemption for certain associations.** The superintendent
32 has the discretion to exempt from the requirements of subsection
3, paragraph A; subsection 6, paragraph A; and subsection 8 a
group health insurance policy or group nonprofit health, hospital
or medical service corporation subscriber contract issued to an
34 association group organized pursuant to section 2805-A if:

36 A. Issuance and renewal of coverage under the policy or
38 contract is guaranteed to all members of the association who
are residents of this State and to their dependents;

40 B. Rates for the association comply with the premium rate
42 requirements of subsection 2 or are established on a
nationwide basis and are in substantial compliance with the
44 purpose of this section, except that exempted associations
may be rated separately from the carrier's other individual
health plans, if any;

46 C. The group's anticipated loss ratio, as defined in
48 subsection 5, is at least 75%;

2 D. The association's membership criteria does not include
3 age, health status, medical utilization history or any other
4 factor with a similar purpose or effect;

6 E. The association's group health plan is not marketed to
7 the general public;

8 F. Insurance is provided as an incidental benefit of
9 association membership and the primary purposes of the
10 association do not include group buying or mass marketing of
11 insurance or other goods and services; and

12 G. Granting an exemption to the association does not
13 conflict with the purposes of this section.

16 **Sec. 8. 24-A MRSA §6305, sub-§2**, as enacted by PL 1989, c.
17 931, §5, is amended to read:

18
19 **2. Final evaluation of savings.** The final evaluation of
20 the savings in professional liability insurance claims and claim
21 settlement costs to insurers must be determined by the
22 superintendent in-1995 as part of the report filed on or before
23 December 1, 2000 under Title 24, section 2978, subsection 2.
24 Insurers shall continue to assess policyholders after 1995 2000
25 based on the final determination, but the total assessment may
26 not be more than \$500,000 per year.

30 STATEMENT OF FACT

32 This bill establishes a mechanism to allow an agent's
33 license to remain in an inactive status for a period of 2 years
34 and provides for reinstatement of an inactive license without
35 requiring the agent to take an examination. It increases the
36 time for filing of annual statements from 24 months to 36
37 months. This bill also removes the time limit for suspension of
38 an insurer's certificate of authority and establishes a statutory
39 mechanism for reinstatement of the authorization. In addition,
40 this bill revises the law to extend the time for the
41 Superintendent of Insurance to file a report of the savings in
42 professional liability insurance claims and claims settlement
43 costs to insurers.

44
45 Public Law 1995, chapter 332, Part J made certain
46 association group health insurance policies subject to the same
47 standards as individual health insurance. In so doing, the law
48 inadvertently restricted the ability to write such groups to
49 carriers in the individual health market. In many cases,
50 association groups are insured by group carriers. The law also

2 failed to provide for these groups to be rated separately from
other individual plans. Group plans are generally sold at lower
4 rates. The bill provides an exemption allowing carriers to write
association groups without offering individual coverage outside
6 the association. Those who do offer individual coverage outside
business separately as long as they meet a 75% loss ratio, a
8 standard used elsewhere for group policies.