

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1997

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Legislative Document

No. 806

S.P. 237

In Senate, February 4, 1997

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**An Act to Include Health Maintenance Organizations in the Bureau of  
Insurance's Regulatory Assessment.**

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Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 204.

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator LaFOUNTAIN of York.  
Cosponsored by Senators: RAND of Cumberland, TREAT of Kennebec, Representatives:  
BULL of Freeport, CHARTRAND of Rockland.

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

2  
4       **Sec. 1. 24-A MRSA §237**, as amended by PL 1995 c. 544, §§1 and 2, is further amended to read:

6       **§237. Assessment for expense of maintaining the Bureau of**  
8               **Insurance**

10       The expense of maintaining the Bureau of Insurance must be  
12 assessed annually by the Superintendent of Insurance against all  
14 insurers and health maintenance organizations licensed to do  
16 business in this State in proportion to their respective direct  
18 gross premium written on business in this State during the year  
20 ending December 31st immediately preceding the fiscal year for  
22 which assessment is made. The annual assessment upon all  
insurers must be applied to the budget of the bureau for the  
fiscal year commencing July 1st. For any biennial period, total  
assessment must be in an amount not exceeding .002 of total  
direct premiums written. When the superintendent calculates the  
amount of the annual assessment, the superintendent must  
consider, among other factors, the staffing level required to  
administer the responsibilities of the bureau.

24       **1. Expense of examination.** The expense of examination of  
26 an insurer or of any person regulated by section 222 shall  
28 ~~continue~~ continues to be borne by the person examined. The  
expense of examination consistent with section 228 shall may not  
be considered when determining the assessment for maintaining the  
Bureau of Insurance.

30       **2. Direct gross premium.** Based on the annual statement  
32 filed by each insurer pursuant to section 423 or health  
34 maintenance organization pursuant to section 4208, the  
superintendent shall ascertain the amount of direct gross premium  
it received in that year. For the purpose of this section only,  
36 "direct gross premiums" means and includes policy, membership,  
annuity considerations and other fees, policy dividends applied  
38 in payment for insurance and other considerations for insurance  
received by insurers or health maintenance organizations, on  
40 account of policies or contracts covering subjects of insurance,  
or risks located, resident or to be performed in this State,  
42 after deducting return premiums or dividends actually returned or  
credited to policyholders.

44       **3. Minimum assessment.** In any year in which an insurer or  
46 health maintenance organization has no direct gross premium  
48 writings in this State, or in which direct gross premium written  
is not sufficient to produce at the rate prescribed an amount  
equal to or in excess of \$100, the minimum assessment payable by  
50 any insurer shall ~~be~~ or health maintenance organization is \$100.

2           **4. Notification of assessment.** On or before July 1st of  
4 each year, the superintendent shall forward to each insurer or  
6 health maintenance organization an itemized bill of the amount  
8 due for the annual assessment, the amount due for filing of the  
10 annual statement pursuant to sections 423 and 601 and the amount  
12 due for the certificate of authority annual continuation fee  
14 pursuant to section 601. When an extension of the time of filing  
16 an annual statement is granted for good cause by the  
superintendent pursuant to section 423, subsection 1, or section  
4208, the insurer or health maintenance organization must be  
assessed a provisional amount of \$100. Upon receipt of the  
insurer's or health maintenance organization's annual statement,  
the provisional assessment must be adjusted to effect a final  
assessment for the fiscal year at the same rate utilized by the  
superintendent and levied upon all insurers by the general  
assessment of July 1st.

18           **5. Time of payment.** Time of payment for the annual  
20 assessment, the annual statement filing fee and the annual  
continuation fee must be made on or before August 10th.

22           **6. Revocation or suspension.** If the annual assessment,  
24 annual statement filing fee or annual continuation fee is not  
26 paid to the superintendent on or before the prescribed date, the  
license or certificate of authority of an insurer or health  
28 maintenance organization to transact business in this State may  
be revoked or suspended by the superintendent after a hearing or  
upon waiver of hearing by the insurer or health maintenance  
organization until the annual assessment, annual statement filing  
30 fee and annual continuation fee is paid. A reinstatement of  
32 certificate of authority may not be made prior to payment of the  
balance of the annual assessment, annual statement filing fee or  
continuation fee.

34           **7. Recalculation of assessment.** Immediately following the  
36 close of the fiscal year ending June 30, 1987, and at the close  
of each 2nd succeeding fiscal year, the superintendent shall  
38 recalculate the assessment made against each party assessed after  
giving recognition to actual expenditures of the bureau during  
40 the preceding biennial period. On or before October 1st, the  
superintendent shall render to each party assessed a statement  
42 showing the difference between their respective recalculated  
assessment and the amount they had paid with respect to the  
44 preceding biennium. Any overpayment of annual assessment  
resulting from complying with the requirements of this section  
46 shall must be refunded or, at the option of the assessed party,  
applied as a credit against the assessment for the succeeding  
48 fiscal year. Any overpayment of \$100 or less shall must be  
50 applied as a credit against the assessment for the succeeding  
fiscal year.

2       **8. Deposit with Treasurer of State.** The superintendent  
shall deposit all payments made pursuant to this section with the  
Treasurer of State. The money shall must be used for the sole  
4       purpose of paying the expenses of the Bureau of Insurance.

6  
7       **9. Exclusions.** This section does not apply to fraternal  
8       benefit societies, as defined in section 4101; assessment mutual  
insurance companies, as defined in section 3603; and joint  
10      underwriting associations, subject to section 2322; ~~and health~~  
~~maintenance organizations, as defined in section 4203.~~

12      **10. Applicability.** This section applies with respect to  
14      insurers for fiscal years commencing on or after July 1, 1986 and  
to health maintenance organizations for fiscal years commencing  
16      on or after July 1, 1997.

18      **Sec. 2. 24-A MRS §4222-B, sub-§10** is enacted to read:

20      10. The requirements of section 237 apply to health  
maintenance organizations, including those operated and organized  
22      as a division or line of business of a nonprofit hospital,  
medical or health care service organization.

24  
26   **SUMMARY**

28      This bill applies the current assessment upon insurance  
companies, for the regulatory expenses of the Maine Bureau of  
30      Insurance, to health maintenance organizations as well. The  
current assessment on insurers will not be increased, but will be  
32      apportioned equitably between insurance companies and health  
maintenance organizations.