

MAINE STATE LEGISLATURE

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R. S.

L.D. 350

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MINORITY
BANKING AND INSURANCE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
119TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 246, L.D. 350, Bill, "An Act to Improve the Delivery of Services in Insurance"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 24-A MRSA §1451 is enacted to read:

§1451. Change of insurance producer requested by insured

1. Change of producer. An insured may change producers on any individual health, life, disability or long-term care policy purchased by the insured by sending a producer-of-record letter requesting that commissions be redirected or assignments be released to a new producer to the insurer, health maintenance organization, fraternal benefit society, nonprofit hospital and medical service organization, viatical settlement provider or risk retention group if the new producer has an appointment from that insurer, health maintenance organization, fraternal benefit society, nonprofit hospital and medical service organization, viatical settlement provider or risk retention group.

2. Information provided to new producer. When an insured changes producers by sending a producer-of-record letter to an insurer, health maintenance organization, fraternal benefit society, nonprofit hospital and medical service organization, viatical settlement provider or risk retention group pursuant to subsection 1, the insurer, health maintenance organization, fraternal benefit society, nonprofit hospital and medical service organization, viatical settlement provider or risk retention group shall make available to the new producer copies of the policy contract and schedule of benefits.

2 3. No effect on contracts. This section does not supersede
3 or affect any existing or future written employment contract
4 between an insurance producer and an agency, or any written
5 severance agreement arising out of such employment, or any
6 contract between an insurer and a producer of record. Before
7 receiving any redirected commissions, the new producer named in a
8 producer-of-record letter must demonstrate to the insurer, health
9 maintenance organization, fraternal benefit society, nonprofit
10 hospital and medical service organization, viatical settlement
11 provider or risk retention group that no contract supersedes or
12 affects the redirection of commissions to the new producer by
13 providing a copy of the contract or a signed affidavit attesting
14 to that fact.'

16 Further amend the bill by inserting at the end before the
17 summary the following:

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FISCAL NOTE

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23 The Bureau of Insurance within the Department of
24 Professional and Financial Regulation may incur some minor
25 additional costs to handle increased requests for information.
26 These costs can be absorbed within the bureau's existing budgeted
27 resources.'

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SUMMARY

31 This amendment is the minority report of the committee and
32 replaces the bill. It allows an insured to change producers on
33 any individual health, life, disability or long-term care policy
34 purchased by the insured if the new producer has an appointment
35 from the insurer, health maintenance organization, fraternal
36 benefit society, nonprofit hospital and medical service
37 organization, viatical settlement provider or risk retention
38 group that issued the policy. The amendment clarifies that the
39 provision is not intended to supersede or affect any existing or
40 future written employment contract between an insurance producer
41 or an agency, any severance agreement arising out of such
42 employment, or any contract between an insurer and a producer of
43 record. It also requires that the new producer provide a copy of
44 the contract or a signed affidavit stating that the redirection
45 of commissions requested in the producer-of-record letter is not
46 superseded or affected by any employment or other contract. It
47 also clarifies that the agency does not have to share its
48 records, but requires the insurer, health maintenance
49 organization, fraternal benefit society, nonprofit hospital and

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2 medical service organization, viatical settlement provider or
risk retention group to provide the new producer with copies of
4 the policy contract and schedule of benefits.

The amendment also adds a fiscal note to the bill.