

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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Legislative Document

No. 316

H.P. 259

House of Representatives, January 28, 2003

### **An Act to Prohibit Absolute Discretion Clauses in Health Carrier and Excess Loss Carrier Contracts**

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Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative CANAVAN of Waterville.  
Cosponsored by Senator DOUGLASS of Androscoggin and  
Representatives: BREault of Buxton, FLETCHER of Winslow, MILLS of Farmington,  
O'NEIL of Saco, PERRY of Calais, PERRY of Bangor, SIMPSON of Auburn, SMITH of Van  
Buren.

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

4 **Sec. 1. 24-A MRSA §4303, sub-§9** is enacted to read:

6 9. Absolute discretion clauses. A carrier may not include  
8 in a health plan contract with a plan sponsor, contract holder or  
10 enrollee or in a contract with another carrier to cover excess  
12 losses a clause that gives the carrier or its designated agent  
14 the sole or absolute discretion to interpret or construe contract  
16 terms or determine enrollee eligibility for benefits in a manner  
that is conclusive and binding on all parties to the contract.

#### 14 SUMMARY

16 This bill prohibits carriers from using absolute discretion clauses in health plan contracts.