



# **121st MAINE LEGISLATURE**

### FIRST REGULAR SESSION-2003

**Legislative Document** 

No. 1502

H.P. 1095

House of Representatives, April 1, 2003

## An Act To Clarify the Exclusion of Assumed Reinsurance from Policy Claims Priority

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

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

Millicent M. Mac Jarland

MILLICENT M. MacFARLAND Clerk

Presented by Representative YOUNG of Limestone. Cosponsored by Senator MAYO of Sagadahoc and Representative: O'NEIL of Saco.

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

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Sec. 1. 24-A MRSA §4379, sub-§3, as amended by PL 2001, c. 88,  $\S12$ , is further amended to read:

6 Loss claims. All claims under policies for losses 3. incurred, including third-party 3rd-party claims, and all claims 8 against the insurer for liability for bodily injury or for injury to or destruction of tangible property that are not under 10 policies, except the first \$200 of losses otherwise payable to any claimant under this subsection. All claims under life 12 insurance policies and annuity contracts, whether for death proceeds, annuity proceeds or investment values, must be treated 14 as loss claims. Claims may not be cumulated by assignment to avoid application of the \$200 deductible provision. That portion 16 of any loss for which indemnification is provided by other benefits or advantages recovered or recoverable by the claimant may not be included in this class, other than benefits or 18 advantages recovered or recoverable in discharge of familial 20 obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment made by an employer to an employee may be treated as a gratuity. Any 22 provider or member claims for covered services under a health 24 maintenance organization contract, including a point-of-service contract, not paid under subsection 1 are included in this 26 class. Obligations of an insolvent insurer arising out of reinsurance contracts are excluded from this subsection.

#### SUMMARY

32 The purpose of this bill is to clarify the original intent of the law, which was to exclude assumed reinsurance from policy 34 claims priority. The language proposed appears in the National Association of Insurance Commissioners' Insurers Rehabilitation 36 and Liquidation Model Act.