

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 294

H.P. 219

House of Representatives, January 18, 2005

An Act To Give Consumers the Option To Buy Cheaper Individual Health Insurance and Have Better Choices from Other States

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

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative GLYNN of South Portland.
Cosponsored by Senator WESTON of Waldo and
Representatives: LINDELL of Frankfort, VAUGHAN of Durham.

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

Sec. 1. 24-A MRSA §405, sub-§6, as enacted by PL 1969, c. 132, §1, is amended to read:

6. Any suit or action by the duly constituted receiver, rehabilitator or liquidator of the insurer, or of the insurer's assignee or successor, under laws similar to those contained in chapter 57 (delinquency proceedings; rehabilitation and liquidation); and

Sec. 2. 24-A MRSA §405, sub-§7 is enacted to read:

7. Transactions pursuant to individual health insurance covering residents of this State written by a foreign insurer or health maintenance organization duly authorized or qualified to transact such insurance in the state or country of its domicile if the superintendent certifies that the foreign insurer or health maintenance organization meets the requirements of section 405-A.

Sec. 3. 24-A MRSA §§405-A and 405-B are enacted to read:

§405-A. Certification of foreign insurers or health maintenance organizations to transact individual health insurance

To qualify under this section and section 405, subsection 7, a foreign insurer or health maintenance organization may not transact individual health insurance in this State by mail, the Internet or otherwise unless the superintendent has issued a certification that the requirements of this section have been met as follows:

1. Certificate of authority from state or country of domicile. The foreign insurer or health maintenance organization holds a valid certificate of authority to transact individual health insurance in the state or country of its domicile;

2. Compliance with laws of state or country of domicile. Any policy, contract or certificate of individual health insurance offered for sale in this State by a foreign insurer or health maintenance organization complies with the applicable individual health insurance laws in the state or country of its domicile and the policy is actively marketed in that state;

3. Minimum surplus and reserve levels. The foreign insurer or health maintenance organization maintains minimum capital and surplus requirements and maintains reserves as required by

2 section 410; chapter 11; section 4204, subsection 2-A, paragraph
3 D; and section 4204-A as applicable;

4 **4. Disclosure and reporting.** The foreign insurer or health
5 maintenance organization meets the requirements of section 4302
6 for reporting plan information with respect to individual health
7 plans offered for sale in this State and discloses to prospective
8 enrollees how the health plans differ from individual health
9 plans offered by domestic insurers in a format approved by the
10 superintendent within 90 days of the effective date of this
11 section. Health plan policies and applications for coverage must
12 contain the following disclosure statement or a substantially
13 similar statement: "This policy is issued by a foreign insurer or
14 health maintenance organization and is governed by the laws and
15 regulations of the State of (foreign insurer or health
16 maintenance organization's state of domicile). This policy might
17 not be subject to all the insurance laws and rules of the State
18 of Maine, including coverage of certain health care services or
19 benefits mandated by Maine law. Before purchasing this policy,
20 you should carefully review the terms and conditions of coverage
21 under this policy, including any exclusions or limitations of
22 coverage";

23 **5. Grievance procedures.** The foreign insurer or health
24 maintenance organization meets the requirements of section 4303,
25 subsection 4 for grievance procedures with respect to health
26 plans offered for sale in this State;

27 **6. Unfair trade practices.** The provisions in chapter 23
28 apply to the foreign insurer or health maintenance organization;

29 **7. Premium taxes; assessments.** The foreign insurer or health
30 maintenance organization is subject to applicable premium and
31 other taxes or assessments imposed on insurers transacting
32 individual health insurance in this State pursuant to this Title
33 and Title 36;

34 **8. Service of process.** The foreign insurer or health
35 maintenance organization designates an agent for receiving
36 service of legal documents and process in the manner provided in
37 this Title;

38 **9. Compliance with court orders.** The foreign insurer or
39 health maintenance organization complies with lawful orders from
40 courts of competent jurisdiction issued on a voluntary
41 dissolution proceeding or in response to a petition for an
42 injunction by the superintendent asserting that the foreign

insurer or health maintenance organization is in a hazardous financial condition; and

10. Participation in guaranty association. The foreign insurer or health maintenance organization participates in an insurance insolvency guaranty association to which a domestic insurer or health maintenance organization that transacts individual health insurance is required to belong in accordance with this Title.

Except as expressly provided in this section, the requirements of this Title do not apply to a foreign insurer or health maintenance organization permitted to transact health insurance under this section and section 405.

§405-B. Domestic insurers; individual health insurance approved in other states

Notwithstanding any other provision of this Title except as expressly provided, a domestic insurer or health maintenance organization may offer for sale in this State an individual health plan duly authorized for sale in another state by a parent or subsidiary of the domestic insurer if:

1. Certificate of authority from state or country of domicile. The parent or subsidiary of the domestic insurer or health maintenance organization holds a valid certificate of authority to transact individual health insurance in the state or country of its domicile;

2. Compliance with laws of state or country of domicile. Any policy, contract or certificate of individual health insurance offered for sale in this State by a domestic insurer or health maintenance organization complies with the applicable individual health insurance laws in the state or country of domicile of the parent or subsidiary and the policy is actively marketed in that state;

3. Disclosure and reporting. The domestic insurer or health maintenance organization meets the requirements of section 4302 for reporting plan information with respect to individual health plans offered for sale in this State and discloses to prospective enrollees how the individual health plans of the parent or subsidiary differ from individual health plans offered by domestic insurers in a format approved by the superintendent within 90 days of the effective date of this section. Health plan policies and applications for coverage must contain the following disclosure statement or a substantially similar statement: "This policy is issued by a domestic insurer or health maintenance

organization but is governed by the laws and rules of the State of (state of domicile of parent or subsidiary of domestic), which is the state of domicile of the parent or subsidiary of the domestic insurer or health maintenance organization. This policy might not be subject to all the insurance laws and rules of the State of Maine, including coverage of certain health care services or benefits mandated by Maine law. Before purchasing this policy, you should carefully review the terms and conditions of coverage under this policy, including any exclusions or limitations of coverage"; and

4. Grievance procedures. The domestic insurer or health maintenance organization meets the requirements of section 4303, subsection 4 for grievance procedures with respect to health plans offered for sale in this State.

Sec. 4. 24-A MRSA §1420-M, sub-§1, as enacted by PL 2001, c. 259, §24, is amended to read:

1. Appointment. An insurance producer may not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. An insurance producer may not act as an agent of a foreign insurer or health maintenance organization certified to transact individual health insurance pursuant to section 405-A unless the producer holds a valid producer license from the state or country of domicile of the foreign insurer or health maintenance organization. An insurance producer who is not acting as an agent of an insurer is not required to become appointed.

Sec. 5. Effective date. This Act takes effect January 1, 2006.

SUMMARY

Beginning January 1, 2006, this bill permits out-of-state health insurers, which are referred to as foreign insurers in the Maine Insurance Code, to offer their individual health plans for sale in this State if certain requirements of Maine law are met, including minimum capital and surplus and reserve requirements, disclosure and reporting requirements and grievance procedures. It also permits Maine health insurers to offer individual health plans of out-of-state parent or subsidiary health insurers if similar requirements are met. If out-of-state health plans are offered for sale in this State, the bill requires that prospective enrollees be provided adequate disclosure of how the plans differ from Maine health plans in a format approved by the Superintendent of Insurance.

2 The bill also prohibits an insurance producer from holding
an appointment to sell out-of-state health plans to residents in
this State unless the producer also holds a valid producer
4 license in the state of domicile for that health insurer.