

# 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)

Date: 4-7-09

(Filing No. S- 40)

INSURANCE AND FINANCIAL SERVICES

Reproduced and distributed under the direction of the Secretary of the Senate.

STATE OF MAINE

SENATE

124TH LEGISLATURE

FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 263, L.D. 688, Bill, "An Act To Equalize Annuity and Structured Settlement Annuity Benefits with Life Insurance under the Maine Life and Health Insurance Guaranty Association"

Amend the bill by striking out everything after the title and before the summary and inserting the following:

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, current financial and economic conditions have raised concerns about the financial health of certain insurance companies; and

Whereas, if an insolvency occurs, the maximum amount of funds invested in annuity accounts and protected through the Maine Life and Health Insurance Guaranty Association is only \$100,000; and

Whereas, the maximum benefit amount is increased in this Act from \$100,000 to \$250,000 for the protection of those Maine residents with investments in annuity accounts; and

Whereas, immediate enactment is necessary to provide the maximum protection granted in this Act in the event of an insolvency; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 24-A MRSA §4603, sub-§3, ¶B, as enacted by PL 2005, c. 346, §2 and affected by §16, is amended to read:

B. With respect to one life, regardless of the number of policies or contracts:

COMMITTEE AMENDMENT

A.03

1 (1) Three hundred thousand dollars in life insurance death benefits, but not more  
2 than \$100,000 in net cash surrender and net cash withdrawal values for life  
3 insurance;

4 (2) The following limits for health insurance benefits:

5 (a) Three hundred thousand dollars for coverages not defined as disability  
6 insurance or basic hospital, medical and surgical insurance or major medical  
7 insurance, including any net cash surrender and net cash withdrawal values;

8 (b) Three hundred thousand dollars for disability and long-term care  
9 insurance; or

10 (c) Five hundred thousand dollars for basic hospital, medical and surgical  
11 insurance or major medical insurance; or

12 (3) ~~One hundred~~ Two hundred fifty thousand dollars in the present value of  
13 annuity benefits, including net cash surrender and net cash withdrawal values; or

14 **Sec. 2. 24-A MRSA §4603, sub-§3, ¶C**, as enacted by PL 2005, c. 346, §2 and  
15 affected by §16, is amended to read:

16 C. With respect to each payee of a structured settlement annuity, or beneficiary or  
17 beneficiaries of the payee if deceased, ~~\$100,000~~ \$250,000 in present value annuity  
18 benefits, in the aggregate, including net cash surrender and net cash withdrawal  
19 values.

20 **Sec. 3. Applicability.** This Act applies to an insolvency of an insurance company  
21 who is a member of the Maine Life and Health Insurance Guaranty Association that  
22 occurs on or after the effective date of this Act.

23 **Emergency clause.** In view of the emergency cited in the preamble, this  
24 legislation takes effect when approved.'

25 **SUMMARY**

26 This amendment replaces the bill. The amendment increases the maximum benefit  
27 the Maine Life and Health Insurance Guaranty Association may be obligated to cover  
28 from \$100,000 to \$250,000 for annuity benefits and structured settlement annuities. The  
29 bill proposed an increase to \$300,000. The amendment does not include any increase in  
30 the maximum benefit for net cash surrender and net cash withdrawal benefits for life  
31 insurance, which was proposed in the bill. The amendment also adds an emergency  
32 preamble and clause and provides that it applies to an insolvency of an insurance  
33 company who is a member of the Maine Life and Health Insurance Guaranty Association  
34 that occurs on or after the effective date of the Act.