

# MAINE STATE LEGISLATURE

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INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
124TH LEGISLATURE  
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1059, L.D. 1510, Bill, "An Act To Maintain Compliance of Maine's Insurance Laws with National Standards"

Amend the bill in Part A in section 5 in paragraph C in subparagraph (1) by striking out all of division (a) (page 2, lines 17 to 19 in L.D.) and inserting the following:

'(a) Exceeds the greater of 10% of the insurer's surplus to policyholders as of December 31st of the preceding year and the net gain from operations for the preceding calendar year.'

Amend the bill in Part B by striking out all of section 1 and inserting the following:

**Sec. B-1. 24-A MRSA §952-A, sub-§5** is enacted to read:

**5. Applicability to health carriers.** A health carrier not otherwise subject to this section or section 993 shall file an actuarial opinion in accordance with the applicable National Association of Insurance Commissioners annual statement instructions. For purposes of this section, "health carrier" means an insurer, health maintenance organization, nonprofit corporation subject to Title 24 or fraternal benefit society that provides health insurance or comparable health benefits. This section and rules adopted pursuant to this section apply to health carriers to the extent that they specifically refer to health carriers or impose requirements that are consistent with and no more stringent than the annual statement instructions.'

Amend the bill by inserting after Part C the following:

**'PART D**

**Sec. D-1. 24-A MRSA §2849-B, sub-§4-A**, as enacted by PL 1997, c. 445, §27 and affected by §32, is amended to read:

**4-A. Alternative method.** The superintendent may adopt rules that substitute for the requirement of subsection ~~4~~ 3-A a requirement that prohibits application of a medical underwriting or preexisting condition exclusion with respect to classes or categories of benefits that are covered under the replaced contract or policy. The rules must define

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those classes or categories consistent with any federal regulations adopted pursuant to the federal Public Health Service Act, Title XXVII, Section 2701(c)(3)(B).

PART E

Sec. E-1. 24-A MRSA §6451-A, as enacted by PL 1999, c. 113, §24, is repealed and the following enacted in its place:

§6451-A. Applicability to other health organizations

This chapter applies to fraternal benefit societies authorized to do business in this State pursuant to section 4124, to health maintenance organizations authorized to do business in this State pursuant to section 4204 and to nonprofit hospital or medical service organizations authorized to do business in this State pursuant to Title 24, section 2305.

1. Fraternal benefit societies. Fraternal benefit societies providing life or annuity benefits are subject to the provisions of this chapter applicable to life or health insurers.

2. Other licensees. Health maintenance organizations and nonprofit hospital or medical service organizations are considered health organizations for purposes of this chapter. Except as otherwise expressly provided in this chapter, health organizations are subject to the provisions of this chapter applicable to property and casualty insurers.

Sec. E-2. 24-A MRSA §6453, sub-§1, ¶A, as amended by PL 1997, c. 81, §7, is further amended to read:

A. The filing of a risk-based capital report by an insurer that indicates that:

(1) The insurer's total adjusted capital is greater than or equal to its regulatory action level risk-based capital but less than its company action level risk-based capital; or

(2) ~~A life or health~~ The insurer has total adjusted capital that is greater than or equal to its company action level risk-based capital but less than the product of its authorized control level risk-based capital and 2.5 and has a negative trend; if its total adjusted capital is less than the product of its authorized control level risk-based capital and:

(a) If the insurer is a life or health insurer, 2.5; or

(b) If the insurer is a health organization as described in section 6451-A, subsection 2, 3.0;

SUMMARY

This amendment makes the following changes to the bill.

1. It amends the bill in Part A to correct the mathematical formula for the extraordinary dividend threshold and to clarify the applicable time period.

2. It amends the bill in Part B to clarify the extent to which the life insurance actuarial opinion requirements are extended to health insurers.

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1           3. It adds Part D to the bill to correct a cross-reference in the rulemaking provision of  
2 the continuity of coverage law.

3           4. It adds Part E to the bill to establish a risk-based capital trend test to enhance the  
4 solvency regulation of health organizations. It also clarifies the application of certain  
5 provisions to health organizations.

6                                   **FISCAL NOTE REQUIRED**

7                                   **(See attached)**



# 124th MAINE LEGISLATURE

LD 1510

LR 2199(02)

**An Act To Maintain Compliance of Maine's Insurance Laws with National Standards**

**Fiscal Note for Bill as Amended by Committee Amendment "A"**  
**Committee: Insurance and Financial Services**  
**Fiscal Note Required: Yes**

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## Fiscal Note

Minor cost increase - Other Special Revenue Funds

### Fiscal Detail and Notes

Additional costs to the Bureau of Insurance in the Department of Professional and Financial Regulation can be absorbed by the bureau utilizing existing budgeted resources.