

# MAINE STATE LEGISLATURE

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**LAWS**  
OF THE  
**STATE OF MAINE**

AS PASSED BY THE  
ONE HUNDRED AND ELEVENTH LEGISLATURE

**SECOND SPECIAL SESSION**

November 18, 1983

AND AT THE

**SECOND REGULAR SESSION**

January 4, 1984 to April 25, 1984

AND AT THE

**THIRD SPECIAL SESSION**

September 4, 1984 to September 11, 1984

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH  
IN ACCORDANCE WITH MAINE REVISED STATUTES  
ANNOTATED, TITLE 3, SECTION 164, SUBSECTION 6.

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J.S. McCarthy Co., Inc.  
Augusta, Maine  
1986

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**PUBLIC LAWS**  
OF THE  
**STATE OF MAINE**

AS PASSED AT THE  
SECOND REGULAR SESSION  
of the  
ONE HUNDRED AND ELEVENTH LEGISLATURE  
JANUARY 4, 1984 TO APRIL 25, 1984

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23, section 1803, subsection  
2, paragraph C

E. The Revised Statutes, Title 423, 269  
23, section 1803, subsection  
3

F. Total \$12,650,187

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

Effective April 20, 1984.

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## CHAPTER 801

S.P. 906 - L.D. 2437

AN ACT Relative to Group Legal Insurance.

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

Sec. 1. 24-A MRSA §704, as enacted by PL 1969, c. 132, §1, is amended to read:

§704. "Health insurance" defined

Health insurance is insurance of human beings against bodily injury, disablement or death by accident or accidental means, or the expense thereof, or against disablement or expense resulting from sickness, and every insurance appertaining thereto, including provision for the mental and emotional welfare of human beings by defraying the costs of legal services only to the extent provided for in chapter 38.

Sec. 2. 24-A MRSA §1503, sub-§§5 and 6, as enacted by PL 1969, c. 132, §1, are amended to read:

5. Health insurance, when transacted by an insurer also represented by the same agent as to property or casualty or surety insurance; and

6. Title insurance; and

Sec. 3. 24-A MRSA §1503, sub-§7 is enacted to read:

7. Legal services insurance.

Sec. 4. 24-A MRSA §1506, sub-§2, ¶¶D and E, as enacted by PL 1969, c. 132, §1, are amended to read:

D. Surety insurance; and

E. Title insurance; and

Sec. 5. 24-A MRSA §1506, sub-§2, ¶F is enacted to read:

F. Legal services insurance.

Sec. 6. 24-A MRSA §1508, sub-§2, ¶E, as enacted by PL 1969, c. 132, §1, is amended to read:

E. Title insurance; and

Sec. 7. 24-A MRSA §1508, sub-§2, ¶F is enacted to read:

F. Legal services insurance.

Sec. 8. 24-A MRSA §2701, sub-§§3 and 4, as enacted by PL 1969, c. 132, §1, are amended to read:

3. Life insurance, endowment or annuity contracts, or contracts supplemental thereto which contain only such provisions relating to health insurance as:

A. Provide additional benefits in case of death or dismemberment or loss of sight by accident or accidental means, or as

B. Operate to safeguard such contracts against lapse, or to give a special surrender value or special benefit or an annuity in the event that the insured or annuitant becomes totally and permanently disabled, as defined by the contract or supplemental contract;

4. Reinsurance; and

Sec. 9. 24-A MRSA §2701, sub-§5 is enacted to read:

5. Legal services insurance.

Sec. 10. 24-A MRSA §2801, sub-§1, as enacted by PL 1969, c. 132, §1, is amended to read:

1. This chapter applies only to group health insurance contracts and to blanket health insurance contracts as herein provided. Nothing in this chapter pertains to legal services insurance as described in chapter 38, except to the extent expressly permitted in that chapter.

Sec. 11. 24-A MRSA c. 38 is enacted to read:

CHAPTER 38

GROUP LEGAL SERVICES INSURANCE

§2881. Exemption from chapter

Legal services insurance, as defined in this chapter, does not include the payment by a voluntary association, other than a voluntary association which is an insurer, on behalf of one of its members of fees, costs or expenses related to or arising out of legal services performed for the member by an attorney who either is an employee of the paying association or who provides the legal services to the association's member, pursuant to an agreement with that association.

§2882. Insurers authorized to sell legal services insurance

Upon application to an approval by the superintendent, an insurer incorporated by or under the laws of this State or any foreign or alien insurance company duly licensed to transact insurance in its state of domicile may make application for a certificate of authority to transact the business of legal services insurance, including reinsurance, in this State, if that company is authorized or qualified to be authorized to transact a health insurance business in this State.

§2883. Legal services insurance defined

"Legal services insurance" is insurance which involves the assumption of a contractual obligation to reimburse the beneficiary against or pay on behalf of the beneficiary all or a portion of his fees, costs or expenses related to or arising out of services performed by or under the supervision of an attorney who is not an employee of or under the control of the insurer directly or indirectly and who is licensed to practice in the jurisdiction in which the services are performed. Legal services insurance may also include provisions for basic legal advice only rendered

to the beneficiary, by telephone or mail, by one or more attorneys licensed to practice in the jurisdiction in which the advice is given; none of whom are employees of or under the control of the insurer, directly or indirectly. Legal services insurance does not include the provision of or reimbursement for legal services incidental to other insurance coverages.

§2884. Legal services insurance authorized to be sold on a group basis

Any insurance company authorized to write legal services insurance in this State, which for the purposes of this chapter only shall be deemed to be a form of health insurance, shall have the power to issue group legal services insurance policies or may, by providing for the mental and emotional welfare of individuals and members of his family by defraying the costs of legal services, include legal services insurance in and as a part of a group health insurance policy. Group legal services insurance is that form of voluntary legal services insurance covering employees or members, with or without their eligible dependents, written under a master policy issued to any governmental corporation, unit, agency or department or to any employer or association of employers, including the trustee or trustees of a fund established by that employer or association of employers, a labor union or other employee organization, including the trustees of a fund established by that labor union or employee organization. The terms "employee" and "employees" shall have the same meaning as are given to those terms for the purposes of writing group life insurance in this State. Legal services insurance shall only be permitted to be issued in this State on a group policy basis.

§2885. Filing of group manual rates for informational purposes

No policy of group legal services insurance may be delivered in this State until a copy of the group manual rates to be used in calculating the premium for these policies has been filed for informational purposes with the superintendent.

§2886. Freedom of selection of attorney

Beneficiaries of legal services insurance shall not be required to select an attorney other than one of the beneficiary's own choosing to provide covered legal services, except for basic legal advice rendered by telephone or mail, as described in this chapter.

§2887. Legal services insurance policy reserves

For all legal services insurance policies, the insurer shall establish and maintain thereon a reserve which shall place a sound value on its liabilities under those policies and be not less than the reserve according to appropriate standards set forth in rules issued by the superintendent and, in no event, less in the aggregate than the pro rata gross unearned premiums for those policies.

§2888. Authority of superintendent to adopt additional rules

The superintendent may also issue rules regarding the content of legal services insurance policies and marketing arrangements, including delivery of legal services by licensed professionals.

Nothing in this chapter may be construed to authorize the practice of law by any person in violation of Title 4, section 807, or to authorize the superintendent to infringe upon the authority of the Supreme Judicial Court to regulate the practice of law.

Sec. 12. 24-A MRSA §3352, sub-§2, as repealed and replaced by PL 1983, c. 709, §2, is amended to read:

2. When applying for an original certificate of authority, the insurer must be otherwise qualified therefor under this Title, and must have received and accepted bona fide applications as to substantial insurable subjects for insurance coverage of a substantial character of the kind of insurance proposed to be transacted, must have collected in cash the full premium therefor at a rate not less than that usually charged by other insurers for comparable coverages, must have surplus funds on hand and deposited as of the date such insurance coverages are to become effective, or, in lieu of such applications, premiums and surplus, may deposit and thereafter maintain surplus, all in accordance with that part of the following schedule which applies to each kind of insurance the insurer proposes to transact:



## PUBLIC LAWS, SECOND REGULAR SESSION—1983

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Kind of Ins.	Min. No. of Apps. Accepted	Min. No. Subjects Covered	Minimum Premium Collected	Minimum Amount Ins. Ea. Subject	Maximum Amount Ins. Ea. Subject (5)	Deposit Minimum Surplus Fund (6)	Deposit Surplus in Lieu (7)
Life(1)	500	500	Annual	\$ 2,500	\$50,000	\$1,000,000	\$1,250,000
Health (2)	500	500	Quarterly	100 (wkly. indem.)	300 (wkly. indem.)	500,000	750,000
Prop-erty(3)	100	250	Annual	10,000	100,000	500,000	750,000
Casu-alty(4)	250	500	Annual	25,000	100,000	750,000	1,000,000

The following provisions are respectively applicable to the foregoing schedule and provisions as indicated by like numerals appearing in such schedule.

(1) No group insurance or term policies for terms of less than 10 years may be included.

(2) No group, blanket or family plans of insurance may be included. In lieu of weekly indemnity, a like premium value in medical, surgical and hospital benefits may be provided. Any accidental death or dismemberment benefit provided shall not exceed \$15,000.

(3) Only insurance of the owner's interest in real property may be included.

(4) Such insurance must include coverage of legal liability for bodily injury and property damage, to which the maximum and minimum insured amounts apply.

(5) The maximums provided for in column (F) are net of applicable reinsurance.

(6) The deposit of surplus in the amount specified in columns (G) and (H) must thereafter be maintained unimpaired. The deposit is subject to chapter 15 (administration of deposits).

(7) Deposit surplus, when utilized, in lieu of the alternative procedure of accepting deposit application funds shall be in those amounts enumerated for each identified kind of insurance.

Expendable surplus: In addition to surplus deposited and thereafter to be maintained as shown in columns (G) or (H), the insurer when first authorized must have on hand surplus funds, which it can thereafter expend in the conduct of its business, in amount not less than 50% of the applicable deposited and maintained surplus required of it under the schedule set up in this subsection.

Notwithstanding the requirements for expendable surplus otherwise required by this section for newly organized insurance companies seeking a certificate of authority in this State, any such insurer may transact legal services insurance, to the extent provided for in chapter 38, without additional expendable funds, if the corporation is otherwise qualified for a certificate of authority to transact the business of health, life and health or multiple lines insurance, and possesses and thereafter maintains, in addition to the amounts enumerated in the table in this subsection, an additional amount of unimpaired basic surplus of not less than \$500,000.

Effective July 25, 1984.

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## CHAPTER 802

S.P. 903 - L.D. 2423

### AN ACT Regarding Franchising and Regulation of Cable Television Systems.

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

Sec. 1. 30 MRSA §2151, sub-§2, ¶H, as amended by PL 1975, c. 623, §45-C, is repealed.

Sec. 2. 30 MRSA §2151, sub-§2, ¶I, as enacted by PL 1973, c. 676, §3, is repealed.

Sec. 3. 30 MRSA §2151, sub-§2, ¶J, as enacted by PL 1981, c. 308, is repealed.

Sec. 4. 30 MRSA §2151, sub-§2, ¶L is enacted to read:

L. Governing cable television, as provided in section 2158.

Sec. 5. 30 MRSA §2158 is enacted to read: