

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE
ONE HUNDRED AND FOURTEENTH LEGISLATURE
FIRST REGULAR SESSION

December 7, 1988 to July 1, 1989

Chapters 1 - 502

THE GENERAL EFFECTIVE DATE FOR
NON-EMERGENCY LAWS IS
SEPTEMBER 30, 1989

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

J.S. McCarthy Company
Augusta, Maine
1989

PUBLIC LAWS
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1989

7. Penalty. A violation of any provision of this section is a violation of the Unfair Trades Practices Act, Title 5, chapter 10.

See title page for effective date.

CHAPTER 353

H.P. 411 - L.D. 554

An Act to Clarify Use of Corporate-owned Life Insurance Policies

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

Whereas, corporate employers are increasingly concerned about their ability to finance the substantial cost of preemployment and postemployment economic security benefits for their employees; and

Whereas, proposed standards of the Financial Accounting Standard Board may affect the future availability of postemployment benefits to Maine workers; and

Whereas, many corporate employers desire to recover these costs by investing in a program of corporate-owned life insurance policies purchased on the lives of their employees; and

Whereas, the process of installing and maintaining a corporate-owned life insurance policies program takes several months to complete; and

Whereas, to ensure that corporate employers have the continued flexibility to offer and finance postemployment benefits to employees, it is necessary to clarify immediately the availability of corporate-owned life insurance policies to Maine corporate employers; 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 §2404, sub-§3, ¶¶B and C, as enacted by PL 1969, c. 132, §1, are amended to read:

B. In the case of other persons, a lawful and substantial economic interest in having the life, health; or bodily safety of the individual insured continue, as distinguished from an interest which would arise only by, or would be enhanced in value by, the death, disablement or injury of the individual insured; and

C. An individual ~~heretofore or hereafter~~ party to a contract or option for the purchase or sale of an interest in a business proprietorship, partnership or firm, or of shares of stock of a closed corporation or of an interest in ~~such~~ these shares, has an insurable interest in the life, body and health of each individual party to ~~such~~ that contract and for the purposes of ~~such~~ that contract only, in addition to any insurable interest which may otherwise exist as to ~~such~~ that individual; and

Sec. 2. 24-A MRSA §2404, sub-§3, ¶D is enacted to read:

D. A corporation has an insurable interest in the lives of its employees, former employees and retirees for the purpose of funding, in the aggregate, all or part of the corporation's cost for preretirement and postretirement medical, death, disability and pension benefits to its employees, former employees, retirees or their beneficiaries, provided that an insurance program used to finance these employee benefits includes former employees, retirees or a broad class of employees selected by objective standards related to age, service, sex or category of employment and that the proceeds created by that insurance program are used for the sole purpose of funding the corporations's preretirement or postretirement benefit programs.

Sec. 3. 24-A MRSA §2408, as enacted by PL 1969, c. 132, §1, is repealed and the following enacted in its place:

§2408. Consent of insured for health and life insurance

1. No life or health insurance contract upon an individual, including contracts which may arise under section 2404, subsection 3, paragraph D, may be made or effectuated, unless at the time of the making of the contract the individual insured, being of competent legal capacity to contract, applies for coverage or has provided written consent, except under the following circumstances.

A. A spouse may effectuate insurance upon the other spouse.

B. Any person having an insurable interest in the life of a minor, or any person upon whom a minor is dependent for support and maintenance, may effectuate insurance upon the life of the minor.

C. Family policies may be issued insuring 2 or more members of a family on an application signed by either parent, a stepparent or a spouse.

2. This section does not apply to:

A. Group life insurance contracts other than group contracts which may arise under section 2404, subsection 3, paragraph D;

B. Group annuity contracts; or

C. Group or blanket health insurance contracts.

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

Effective June 19, 1989.

CHAPTER 354

H.P. 428 - L.D. 593

An Act to Require Notice of Termination of Policies Issued under an Assigned Risk Plan

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

24-A MRSA §2924 is enacted to read:

§2924. Assigned risk insurance plan

If no payment for renewal of a policy has been received by the insurer 15 days prior to the expiration date of the policy, the insurer shall notify the insured in accordance with this section. Written notice shall be mailed or delivered to the named insured no less than 10 days prior to the expiration date. The notice shall state that the policy will terminate on the expiration date if the insurer does not receive payment by that date. A post-office department certificate of mailing is proof of mailing.

See title page for effective date.

CHAPTER 355

H.P. 1087 - L.D. 1509

An Act to Provide Flexibility in the Laws on Residential Placement of Young Adults

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

Sec. 1. 22 MRSA §7801, sub-§5 is enacted to read:

5. Residents under age of 18 years. Notwithstanding any age requirement, a person who is 17 years of age or older may be a resident in an adult foster home or boarding home without the home being required to be licensed as a children's home under chapter 1669 if the department determines that such a placement is in the best interests of that person.

Sec. 2. 22 MRSA §7902, sub-§1, as amended by PL 1985, c. 770, §7, is further amended to read:

1. **Rules promulgated.** The commissioner shall promulgate rules for boarding care facilities, which shall

include but need not be limited to rules pertaining to administration, staffing, the number of residents, the quality of care, the quality of treatment, if applicable, the health and safety of staff and residents, the rights of residents, community relations, the administration of medication, criteria for placement of residents who are 17 years of age or older and under 18 years and licensing procedures. There shall be separate rules promulgated for boarding homes and foster homes.

In establishing the rules for the administration of medication, the commissioner shall consider, among other factors, the general health of the persons likely to receive medication, the number of persons served by the facility and the number of persons employed by the facility. In the rules for the administration of medication established for boarding homes, the Department of Human Services shall require unlicensed personnel to have successfully completed a program of training and instruction approved by the department for the administration of medication which is not limited to in-service training.

Sec. 3. 22 MRSA §8107, sub-§3 is enacted to read:

3. Residents 18 years of age or older. A resident in a children's home may remain in that home after attaining the age of 18 years without the home being required to be licensed as a boarding care facility under chapter 1663 if the department determines that it is in the best interest of the resident.

See title page for effective date.

CHAPTER 356

H.P. 37 - L.D. 37

An Act Providing for a Report on the Availability of Insurance and Level of Competition within the Insurance Industry in Maine and a Report on Insurance Rating Organizations in Maine

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

Sec. 1. 24-A MRSA §2320-A is enacted to read:

§2320-A. Competition and availability of insurance

1. General review. The Superintendent of Insurance shall review annually each authorized insurer in each major line of insurance in the State for which a rating organization is authorized to file rates. Major lines of insurance shall include workers' compensation, private passenger automobile liability, private passenger automobile physical damage, commercial automobile liability, commercial automobile physical damage, commercial multiple peril, homeowners' liability, medical malpractice and fire insurance. In addition to the annual review of major lines, the superintendent may review individual insurers involved in those specific