

# MAINE STATE LEGISLATURE

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

**AS PASSED BY THE**  
**ONE HUNDRED AND SIXTEENTH LEGISLATURE**

**SECOND REGULAR SESSION**

**January 5, 1994 to April 14, 1994**

**THE GENERAL EFFECTIVE DATE FOR**  
**SECOND REGULAR SESSION**  
**NON-EMERGENCY LAWS IS**  
**JULY 14, 1994**

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

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**J.S. McCarthy Company**  
**Augusta, Maine**  
**1993**

uids transfer vapor recovery under applicable law;

B. The applicant demonstrates a reasonable likelihood that it will not be able to obtain a loan for the project on reasonable terms without insurance pursuant to this section;

C. The applicant demonstrates a reasonable likelihood that it will be able to repay the insured loan; and

D. The project will assist in creating or retaining jobs, providing a more healthy environment.

**2. Limitation on mortgage insurance.** The authority ~~shall~~ may not at any time have, in the aggregate amount of principal and interest outstanding, mortgage insurance obligations pursuant to this section exceeding \$5,000,000 less the outstanding balance of any bonds issued under section 1024, subsection 2, with respect to obligations incurred under this section.

**3. Mortgage eligibility.** The authority, pursuant to Title 5, chapter 375, subchapter II, may adopt rules for determining eligibility, project feasibility, terms, conditions and security for insured mortgage loans under this section. Without limitation, the authority may establish a system for giving priority to applicants for facilities based on when removal or replacement is required by applicable law. The authority may accept less than adequate collateral when necessary to ensure the replacement of underground oil storage facilities required to be replaced under applicable law.

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

Effective April 7, 1994.

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## CHAPTER 602

H.P. 789 - L.D. 1062

### An Act to Ensure Equitable Insurance Practices

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

**Sec. 1. 24 MRSA §2342, sub-§1,** as amended by PL 1989, c. 878, Pt. B, §21, is further amended to read:

**1. Licensure.** ~~Any~~ A person, partnership or corporation, other than an insurer; or nonprofit service organization, health maintenance organization,

preferred provider organization or an employee of those exempt organizations, that performs medical utilization review services on behalf of commercial insurers, nonprofit service organizations, 3rd-party administrators, health maintenance organizations, preferred provider organizations or employers, shall apply for licensure by the Bureau of Insurance and pay an application fee of not more than \$400 and an annual license fee of not more than \$100. ~~No~~ A person, partnership or corporation, other than an insurer; or nonprofit service organization, health maintenance organization, preferred provider organization or the employees of exempt organizations, may not perform utilization review services or medical utilization review services unless the person, partnership or corporation has received a license to perform those activities.

**Sec. 2. 24 MRSA §2343, sub-§5** is enacted to read:

**5. Prohibited activities.** A medical utilization review entity shall ensure that an employee does not perform medical utilization review services involving a health care provider or facility in which that employee has a financial interest.

**Sec. 3. 24 MRSA §2344, first ¶,** as enacted by PL 1989, c. 556, Pt. C, §1, is amended to read:

As used in this subchapter, unless the context indicates otherwise, "utilization review services" or "medical utilization review services" means ~~any~~ a program or process by which a person, partnership or corporation, on behalf of an insurer, nonprofit service organization, 3rd-party administrator, or health maintenance organization, preferred provider organization or employer ~~which that~~ is a payor for or ~~which that~~ arranges for payment of medical services, seeks to review the utilization, appropriateness or quality of medical services provided to a person whose medical services are paid for, partially or entirely, by that insurer, nonprofit service organization, 3rd-party administrator, health maintenance organization, preferred provider organization or employer. The terms include these programs or processes whether they apply prospectively or retrospectively to medical services. Utilization review services include, but are not limited to, the following:

**Sec. 4. 24-A MRSA §2771, sub-§1,** as amended by PL 1989, c. 878, Pt. B, §22, is further amended to read:

**1. Licensure.** ~~Any~~ A person, partnership or corporation, other than an insurer, nonprofit service organization, health maintenance organization, preferred provider organization or employee of those exempt organizations, that performs medical utilization review services on behalf of commercial insurers,

nonprofit service organizations, 3rd-party administrators, health maintenance organizations, preferred provider organizations or employers, shall apply for licensure by the Bureau of Insurance and pay an application fee of not more than \$400 and an annual license fee of not more than \$100. ~~No~~ A person, partnership or corporation, other than an insurer, or nonprofit service organization, health maintenance organization, preferred provider organization or the employees of exempt organizations, may not perform utilization review services or medical utilization review services unless the person, partnership or corporation has received a license to perform those activities.

**Sec. 5. 24-A MRSA §2772, sub-§1,** as enacted by PL 1989, c. 556, Pt. C, §2, is amended to read:

**1. Notification of adverse decisions.** Notification of an adverse decision by the utilization review agent must be provided to the insured or other party designated by the insured within a time period to be determined by the superintendent through rulemaking and must include the name of the utilization review agent who made the decision.

**Sec. 6. 24-A MRSA §2772, sub-§5** is enacted to read:

**5. Prohibited activities.** A medical utilization review entity shall ensure that an employee does not perform medical utilization review services involving a health care provider or facility in which that employee has a financial interest.

**Sec. 7. 24-A MRSA §2773, first ¶,** as enacted by PL 1989, c. 556, Pt. C, §2, is amended to read:

As used in this chapter, unless the context indicates otherwise, "utilization review services" or "medical utilization review services" means ~~any~~ a program or process by which a person, partnership or corporation, on behalf of an insurer, nonprofit service organization, 3rd-party administrator, health maintenance organization, preferred provider organization or employer which that is a payor for or which that arranges for payment of medical services, seeks to review the utilization, appropriateness or quality of medical services provided to a person whose medical services are paid for, partially or entirely, by that insurer, nonprofit service organization, 3rd-party administrator, health maintenance organization, preferred provider organization or employer. The terms include these programs or processes whether they apply prospectively or retrospectively to medical

services. Utilization review services include, but are not limited to, the following:

See title page for effective date.

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## CHAPTER 603

### H.P. 829 - L.D. 1115

#### An Act Regarding Assumption Reinsurance

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

24-A MRSA c. 9, sub-c. V is enacted to read:

#### SUBCHAPTER V

#### ASSUMPTION REINSURANCE

##### §761. Definitions

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings.

**1. Assuming insurer.** "Assuming insurer" means the insurer that acquires an insurance obligation or risk from the transferring insurer pursuant to an assumption reinsurance agreement.

**2. Assumption reinsurance agreement.** "Assumption reinsurance agreement" means a contract that both:

A. Transfers insurance obligations or risks of existing or in-force contracts of insurance from a transferring insurer to an assuming insurer; and

B. Is intended to effect a novation of the transferred contract of insurance with the result that the assuming insurer becomes directly liable to the policyholders of the transferring insurer and the transferring insurer's insurance obligations or risks under the contracts are extinguished.

**3. Contract of insurance.** "Contract of insurance" means a written agreement between an insurer and policyholder pursuant to which the insurer, in exchange for premium or other consideration, agrees to assume an obligation or risk of the policyholder or to make payments on behalf of, or to, the policyholder or its beneficiaries. Contract of insurance may include property, casualty, life, health, accident, surety, title and annuity business authorized to be written pursuant to the insurance laws of this State.