

MAINE STATE LEGISLATURE

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**STATE OF MAINE
114TH LEGISLATURE
FIRST REGULAR SESSION**



**BILL SUMMARY
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE**

JULY 1989

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ONE HUNDRED AND FOURTEENTH LEGISLATURE
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE
BILL SUMMARIES
AUGUST 1989

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The summaries are arranged by LD number for each committee.

All Adopted Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action is listed to the right of the title. If final House and Senate action differ, both are listed. Committee Reports and Floor Action are abbreviated as follows:

OTP	Ought to Pass
OTP-ND	Ought to Pass in New Draft
OTP-ND-NT	Ought to Pass in New Draft, New Title
OTP-A	Ought to Pass as Amended
ONTP	Ought Not to Pass
LVWD	Leave to Withdraw
INDEF PP	Indefinitely Postponed

Each individual summary was prepared by the analyst assigned, as noted for each committee. But, this document was produced by the efforts of all the office staff, including Research Assistant Barbara McGinn, and secretaries: Charlene Brann, and Valarie Parlin, and especially Laurette Knox who coordinated preparation of the overall document.

Please give us your suggestions and comments on these summaries and tell us of any inaccuracies.

Joint Standing Committee on Banking and Insurance

LD 12 An Act to Clarify the Law Concerning the Inclusion of
Nursing Home Benefits in Life Insurance Policies

PUBLIC 26

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
THERIAULT COLLINS	OTP-AM	S-10

SUMMARY

The bill clarifies the type of certificate of authority an insurer would be required to have to offer a nursing home benefit rider in life insurance policies. A nursing home benefit rider permits the policyholder to accelerate payment of life insurance or annuity payments when the person is confined to a nursing home, diagnosed as having a terminal illness, or for other similar reasons. The bill states that, in order to offer a nursing home benefit rider in a life insurance policy, an insurer must be authorized to transact life or life and health insurance in the state. The bill also requires the superintendent to adopt rules relating to the rider, including rules to require full disclosure, definitions, restrictions on benefit payments, coverage periods and nonforfeiture requirements.

The committee amendment (S-10) clarifies that riders may permit acceleration of payment for long-term care in any setting, including home health care, hospices, and long-term care facilities as well as confinement to nursing homes.

LD 14 An Act to Allow Insurers to Underwrite Mass Marketed
Property and Casualty Insurance Plans

PUBLIC 192

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
BRANNIGAN GARLAND THERIAULT CURRAN	OTP-AM	S-105

SUMMARY

The bill permits underwriting of mass marketed property and casualty plans. A mass marketed plan is one which is offered to employees or members of organizations where the employer or organization facilitates the sale or otherwise affiliates itself with the product.

The bill permits underwriting of mass marketed plans, but requires insurers to file their underwriting standards with the superintendent, and prohibits the rules from being more restrictive than the standards used by the insurer in non-mass marketed plans in the state or those used by an affiliate of the insurer. The bill also requires the insurer to provide explanations of the reasons for rejection to rejected applicants from the group, and prohibits discrimination among members of a group, other than by establishing classifications of risk. The bill also prohibits insurers from cancelling, changing or failing to renew the coverage of any insured under any existing mass marketed plan.

The committee amendment (S-105) requires property and casualty rate filings with the superintendent to specify that they are to be used in a mass marketed plan, and requires that any advertisements or other publications relating to the mass marketed plan in the state must include disclosure that the plan is underwritten.

Finally, the amendment requires the superintendent to report to the Banking & Insurance Committee by April 1, 1991 on the operation of mass marketed plans in the state.