

# 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.

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
BRANNIGAN GARLAND	OTP-AM	S-5

SUMMARY

Under present law, (32 MRSA §891), any person, except a financial institution authorized to do business in the State, issuing registered checks or money orders must obtain a certificate from the Superintendent of Banking, with a biennial fee of \$200 for the principal dealer, \$6 for each agent, and a limit of \$600 on the total.

The committee amendment (S-5), like the bill, authorizes an increase in the fees for agents. But, within limits, it also allows the Superintendent of Banking to administratively set the fees for agents and for principal dealers. The amendment makes several other changes, which are only technical in nature.

LD 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 (Reported Pursuant to P & S Laws of 1987, Chapter 122) PUBLIC 356

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
	OTP-AM	H-359

SUMMARY

This bill is the result of a study of "the Laws Regulating Antitrust Activities of the Insurance Industry" conducted by the Joint Standing Committee on Banking and Insurance in 1988. It requires the Superintendent of Insurance to review annually each insurer in each line of insurance for which a rating organization files the rates. It also requires the Superintendent of Insurance to review and report annually to the Governor, the Attorney General and the Banking & Insurance Committee of the Legislature on lines of insurance for which competition may not be an effective regulator of rates. Present law (24-A MRSA §2328) requires the Superintendent to examine rating organizations, advisory organizations, joint underwriting organizations and joint reinsurers at least every 5 years. But, the Superintendent may accept the report of another state's examination instead.

CA (H-359) This amendment limits the annual review by the Superintendent of Insurance to the top ten lines of property and casualty insurance for which a rating organization is authorized to file rates, and makes the report by the Superintendent biennial, rather than annual after 1991. The amendment adds an allocation from the Insurance Regulatory Fund of \$53,000 in Fiscal Year 1990 and \$32,100 in Fiscal Year 1991 to fund one position and cover the other costs.

**LD 49** An Act to Amend the Maine Banking Code PUBLIC 16

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
COLLINS RANDALL CURRAN STEVENS P	OTP	

SUMMARY

The bill clarifies that the Superintendent of Banking has authority over acquisition of control, or of

more than 5% of the voting shares, of any financial institution or holding company, whether in-state or out-of-state, which directly or indirectly controls a Maine financial institution.

**LD 50      An Act to Amend the Chapter Applicable to Medicare Supplement Insurance Policies**

**PUBLIC 27**

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
GILL ALLEN GARLAND BEGLEY	OTP	S-17    COLLINS

SUMMARY

The bill makes several changes in the law regulating Medicare supplement policies. Some of the changes are required by federal law which provides that if state regulation of Medicare supplements does not meet federal standards for regulation, federal law will preempt state law.

To avoid federal preemption, the bill prohibits Medicare supplement contracts from including benefits that duplicate Medicare; increases the amount of time an insured has to return any policy for refund from 10 to 30 days; gives the superintendent specific authority to adopt rules to establish minimum standards for claims payment as well as benefits; and requires the filing of advertisements of Medicare Supplement policies with the superintendent 45 days before use in the state. The filing permits the superintendent to review the proposed advertisement, and, if necessary, proceed under the Unfair Trade Practices Act, 24-A MRSA §§2153, 2154 and 2155, which prohibit deceptive advertising.

The bill also raises the minimum loss ratio (the percent of premium dollar that must be paid out as benefits) from 60% to 65%, and permits health maintenance organizations to issue Medicare supplement policies. The bill restates existing language found in 24-A MRSA §2412, relating to filing and approval of forms, to clarify the application of that requirement to group Medicare supplement policies issued to groups outside the state.

Finally, the bill limits agent compensation when one Medicare supplement contract is replaced by another and both contracts are with the same insurer.

Senate Amendment S-17 changes the filing date for advertisements from a minimum of 45 days before use in the state to a minimum of 30 days before use.

**LD 94      Resolve, to Establish the Commission to Study a Workers' Compensation State Fund**

**LV/WD**

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
THERIAULT RYDELL FARNUM	LV/WD	

SUMMARY

The bill establishes a commission to study a state workers compensation fund in Maine. The commission would be composed of appointees of legislative leadership, the governor, and members designated by labor, business organizations and the insurance industry. The commission is required to study the different types of state funds, the use and effectiveness of exclusive and competitive state funds, and the most appropriate means of insuring employers for workers' compensation liability. The commission is to report by December 1, 1990.