

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

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



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

JULY 1989

MEMBERS

Sen. Raynold Theriault *
Sen. Beverly Miner Bustin
Sen. Donald F. Collins

Rep. Charlene B. Rydell *
Rep. Phyllis R. Erwin
Rep. Richard H. C. Tracy
Rep. Carol M. Allen
Rep. Harriet A. Ketover
Rep. Ruth Joseph
Rep. Anne M. Rand
Rep. Philip E Curran
Rep. Joseph A. Garland
Rep. Harvey C. Donald

* Denotes Chair

Staff: Deborah C. Friedman, Legislative Analyst
Haven Whiteside, Legislative Analyst

Office of Policy & Legal Analysis
Room 101, State House Sta. 13
Augusta, ME 04333
(207) 289-1670

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, PRINCIPAL ANALYST
ULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
WILBERT W. BREWER
RODD R. BURROWES
MIRO FLATEBO
JEBORAH C. FRIEDMAN
JOHN B. KNOX



STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL: (207) 289-1670

ANNIKA E. LANE
EDWARD POTTER
MARGARET J. REINSCH
LARS H. RYDELL
JOHN R. SELSER
HAVEN WHITESIDE
CAROLYN J. CHICK, RES. ASST
ROBERT W. DUNN, RES. ASST
HARTLEY PALLESCHI, JR., RES. ASST

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.

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

SPONSOR(S)

GILL
ALLEN
GARLAND
BEGLEY

COMMITTEE REPORT

OTP

AMENDMENTS ADOPTED

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

SPONSOR(S)

THERIAULT
RYDELL
FARNUM

COMMITTEE REPORT

LV/WD

AMENDMENTS ADOPTED

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.

The committee gave LD 94 leave to withdraw, but later amended LD 1320 to include a study of the feasibility of establishing a state fund.

LD 118 An Act to Amend the Law Concerning Insurance Cancellation Control

**PUBLIC 172
EMERGENCY**

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
COLLINS	OTP-AM	S-92
ALLEN		
GARLAND		
TWITCHELL		

SUMMARY

This bill would clearly bring surplus lines (i.e., high risk) coverage under the cancellation provisions of Title 24-A sections 2908 (casualty) and 3007 (property), which allow for hearing. Current law is unclear on this point.

CA (S-92) This amendment replaces the bill, but retains certain provisions. It exempts surplus lines insurance from the cancellation hearing requirements of State law. The present applicability of that law is uncertain. The amendment adds a 14 day notice requirement (10 days if for non-payment of premiums) for cancellation or non-renewal of surplus lines.

The amendment retains the exemption of workers' compensation insurance from the general 10 day cancellation notice provision of section 2908 because the Workers' Compensation laws require 30 days notice.

The amendment retains the clarification that the Superintendent of Insurance may order a policy of auto or other casualty insurance or commercial or personal property insurance to remain in force pending a hearing and if the finding is in favor of the insured. If the finding is in favor of the insurer, the superintendent may order the policy to remain in force for a time to allow the insured to obtain other coverage. The amendment specifies that time as 14 days.

The amendment retains the change of reference from the post office department to the postal service, but also changes the presumption of receipt for notice purposes from 3 days to 5 days after mailing.

The amendment also adds an emergency preamble and clause.

LD 134 An Act to Expand the Types of Mental Health Care Providers Eligible for Insurance Reimbursement

LV/WD

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
GARLAND	LV/WD	
O'DEA		

SUMMARY

The provision of statute amended by LD 134 provides that, if an insurance policy or subscriber contract covers mental health services when performed by one type of provider, the policy or contract must also provide reimbursement for that service when it is rendered by other providers who are licensed or certified to provide that service, and who are included in the statutory list of providers eligible for reimbursement. LD 134 would include master social workers in the list for required reimbursement.