

# 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.

HA (H-237) The amendment adds a Fiscal Note that the increased fees will increase undedicated General Fund revenue by about \$292,000 per year. It also adds an appropriation to the Securities Division of the Bureau of Banking.

HB (H-275) is technical.

**LD 275 An Act to Strengthen the Regulation of Insurance**

**PUBLIC 269**

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
COLLINS	OTP-AM	S-140
BERUBE		S-156 THERIAULT
ALLEN		
WEBSTER M		

SUMMARY

The bill gives the Bureau of Insurance additional enforcement and penalty powers, similar to the Real Estate Commission, Bureau of Consumer Credit Protection, Securities Division, and Licensing Boards and Commissions within the Department of Professional and Financial Regulation.

CA (S-140) The amendment maintains the basic structure of the bill, conforming various procedures at the Bureau to the Administrative Procedure Act. The amendment modifies the new civil penalty procedure by authorizing the superintendent to assess a civil penalty of \$500 (\$2,000 for a corporation), but only if the Attorney General elects not to proceed with the case. And, under the amendment, the Superior Court may assess a civil penalty of \$500 to \$5,000 (\$2,000 to \$15,000 for a corporation), but only the Attorney General may bring that action. The amendment maintains the authority of the superintendent to order refunds of overcharges.

The amendment limits to an additional 30 days the possible extension of time from the close of a hearing to the superintendent's order under Title 24, and adds a new section extending that concept to Title 24-A.

The amendment also makes the rule-making authority more specific, makes several technical changes and adds a fiscal note.

SA (S-156) is technical.

**LD 285 An Act to Improve Regulatory Oversight of Health Maintenance Organizations**

**PUBLIC 345**

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
WEBSTER M	OTP-AM	H-259
GARLAND		S-197 BUSTIN
STEVENS P		
GILL		

SUMMARY

The bill phases in minimum surplus requirements for health maintenance organizations, requiring that an organization have \$150,000 minimum surplus in December 31, 1990 up to \$250,000 for December 31, 1992 and thereafter. The bill also makes HMOs subject to the unfair trade practices chapter of Title 24-A. Those provisions include general prohibitions of unfair and deceptive business practices, false advertising, discrimination against the handicapped and unfair claims settlement practices.

The committee amendment (H-259) increases the minimum surplus requirements and provides that a liquid cash reserve must be maintained for incurred but not reported claims only if the HMO reports liability for those amounts as long-term debt in its financial statements.

The Senate amendment (S-197) changes the section number of a new section added by the bill, because of a conflict.

**LD 329 An Act to Insure Maintenance of Financial Responsibility by All Motorists**

**PUBLIC 290**

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
BRANNIGAN	ONTP MAJ	
ALLEN	OTP MIN	
CURRAN		
POULIOT		

SUMMARY

(Minority OTP prevailed). Under PL1987, c. 341, which requires motorists to maintain proof of financial responsibility, an individual cited for violation of the Act is permitted to escape liability by purchasing insurance up to 24 hours before the time set for the court appearance. This bill amends the law to require that the insurance be in effect at the time of the violation.

**LD 341 An Act to Curtail Any Expansion or New Mandated Health Insurance Programs Until an Assessment Has Been Made of Current Situation**

**LV/WD**

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
GILL	LV/WD	
RYDELL		
BERUBE		
HIGGINS		

SUMMARY

The bill requires the Mandated Benefits Advisory Commission to develop plans to ensure that no expansion of mandated health insurance benefits occurs until the Commission completes its study of mandated benefits.

See LD 643 and LD 758 for related subjects.

**LD 396 An Act to Require Mandatory Checking of Motorists' Maintenance of Financial Responsibility**

**PUBLIC 249**

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
HANDY	OTP MAJ	
STEVENS P	ONTP MIN	
JOSEPH		
ESTES		

SUMMARY

This bill requires law enforcement officers making a stop to ask the operator for proof of financial responsibility.