

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>
GWADOSKY	OTP-AM	H-457
PARENT		
MATTHEWS		
BURKE		

SUMMARY

The bill clarifies the type of insurance school boards can provide for their employees, authorizes direct reimbursement programs and specifically authorizes school boards to provide any other benefits which are agreed to by the employees and the board. The bill also clarifies the authority of school boards to participate in group self-insurance for workers compensation, pursuant to the Workers Compensation Act. Finally, the bill requires unexpended funds from self-insurance or reimbursement programs to be carried over to the next year to be used for the purpose for which they were set aside.

The committee amendment (H-457) limits the type of direct reimbursement program that may be offered by school boards by providing that only dental reimbursement plans may be offered. The amendment also establishes guidelines within which the dental reimbursement plan must operate.

LD 529 An Act to Regulate Health Insurance Rates

LV/WD

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
ROLDE	LV/WD	

SUMMARY

Under current law, the Bureau of Insurance is authorized to regulate rates charged for individual health insurance policies and contracts and is authorized to collect information on group rates. The bill requires the Maine Health Care Finance Commission to review and approve or disapprove individual and group health insurance rates, and continues the existence of the Commission for this purpose. The bill requires insurers to file proposed rates and other information with the commission and prohibits insurers from charging rates which have not been approved by the commission. The bill also repeals the authority of the Bureau of Insurance to approve or disapprove health insurance rates.

LD 554 An Act to Clarify Use of Corporate-owned Life Insurance Policies

PUBLIC 353
EMERGENCY

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
RYDELL	OTP-AM	H-356
KETOVER		
CURRAN		
HOBBINS		

SUMMARY

In the Maine Insurance Code, "insurable interest" could be interpreted to prohibit corporations from purchasing corporate-owned life insurance (COLI) policies. This amendment provides that a corporation has an insurable interest in the lives of its employees for the purpose of purchasing COLI policies.

CA (H-356) This amendment permits corporations to obtain life insurance on its former employees and retirees, as well as on current employees for the purpose of funding benefits, but makes it clear that the proceeds of that insurance must be used for the sole purpose of funding these benefits.

The amendment also rewords the current law prohibiting the making of a life or health insurance contract without the consent of the insured person, and clarifies that consent must be obtained for individual or group policies issued to corporations, as permitted by the bill. Group contracts are generally excluded from the consent requirement.

**LD 593 An Act to Require Notice of Termination of Policies Issued
under an Assigned Risk Plan**

PUBLIC 354

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
STEVENS P GARLAND BUSTIN ALLEN	OTP-AM	H-376

SUMMARY

Under 24-A MRSA §2325, all motor vehicle insurers doing business in the State must participate in an assigned risk pool. The plan for distribution of risks, the rates, limits of liability and appeals must be prepared by the insurers and approved by the superintendent of insurance. The Automobile Insurance Cancellation Control Act (24-A MRSA §2911 ff) provides due process, but assigned risk policies are exempted. The bill would put assigned risks under the Cancellation Control Act, and require 2 weeks written notice.

CA (H-376) The amendment replaces the bill and simply provides final notice if the premium for renewal has not been received 15 days prior to the expiration date of an assigned risk motor vehicle insurance policy.

**LD 625 An Act to Increase the Office of the Public Advocate's
Involvement in Insurance Rating**

LV/WD

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
RYDELL BUSTIN MAYO ANDREWS	LV/WD	

SUMMARY

The bill authorizes the Public Advocate to participate in any rate proceeding held by the Bureau of Insurance under chapter 25 of Title 24-A. That chapter governs rate proceedings for property and casualty insurance. The bill permits the Public Advocate to assess insurance companies, rating organizations and advisory organizations involved in the proceeding for the expenses of counsel, experts and assistants employed by him or her in the proceeding when the Public Advocate represents the public interest in a proceeding. The bill also authorizes the Public Advocate to initiate a proceeding when he or she determines that a discontinuance or change in a service or rate for a product or service is in the public interest.