

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.

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RYDELL
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COMMITTEE REPORT

OTP-AM

AMENDMENTS ADOPTED

H-595

SUMMARY

The bill excludes excess insurance of workers' compensation self-insurers from coverage under the Maine Insurance Guarantee Association, and requires the Maine Self-Insurance Guarantee Association to cover claims against those insurers. Excess workers compensation insurers were removed from the MIGA by LD 750, but were not placed under coverage by the MSIGA.

The committee amendment (H-595) strikes the entire bill and makes major revisions in the statute governing approval of workers compensation self-insurers. The amendment strengthens the requirements that must be met for an employer to self-insure, including requiring annual application for authority to self-insure or to continue to self-insure, requiring the superintendent to adopt rules setting forth deposit and excess insurance requirements, and requiring periodic actuarial evaluations to assure that the level of security is adequate. The amendment also defines and limits the types of securities and other items that may be used as security, including requiring that the deposit be held in trust, that deposits be held until all claims secured by them are satisfied, and that trust assets may not revert to the employer unless the superintendent is satisfied that assets exceed liabilities. An employer planning to terminate self-insurance must submit to the superintendent a plan of termination. Finally, the amendment strengthens the Maine Self Insurance Guarantee Association by raising the level of the preinsolvency assessment fund from \$1 million to \$2 million, and requiring all self-insurers to pay full assessments for the first 30 months of membership, including requiring a retroactive assessment of those who became members before the effective date of the bill but who did not pay for 30 months. The amendment also subjects self-insurers to assessment in the event of an insolvency for 36 months after they cease being members. Current law only subjects them to assessment for 12 months after they leave the MSIGA.

LD 643 An Act to Provide for the Social and Financial Assessment of Proposed Mandatory Health Insurance Benefits

LV/WD

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COMMITTEE REPORT

LV/WD

AMENDMENTS ADOPTED

SUMMARY

The bill would require the Mandated Benefits Advisory Commission to prepare a study assessing the financial and social impact of any legislative proposal to mandate coverage of a specific health service or provider as part of individual or group health insurance policies. The study would have to be prepared before any legislative committee could act on the proposal.

See LD 758. A modified version of LD 643 is contained in LD 758. That version directs joint standing committees having jurisdiction over mandated health insurance benefits to request an assessment of the proposal by the Mandated Benefits Advisory Commission. The assessment would include consideration of the financial and social effects of the proposal and the medical efficacy of the proposal.