

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.

SPONSOR(S)

SWAZEY

COMMITTEE REPORT

LV/WD

AMENDMENTS ADOPTEDSUMMARY

The bill repeals the Maine Health Security Act, which requires state professional societies of physicians, surgeons, or osteopathic physicians to form professional competence committees to receive and investigate reports of a member's gross or repeated medical malpractice, habitual drunkenness, addiction to the use of drugs, or professional incompetence. The Act requires professional competence committees and physicians to report those acts to the licensing board, and provides a fine for failure to report. The Act also requires reporting to the regulatory board or authority of the revocation, suspension, limitation or termination of employment or privileges of any licensed, certified or registered employee or other person.

LD 750

**An Act to Amend the Laws Relating to the Maine Insurance
Guaranty Association and the Maine Life and Health Insurance
Guaranty Association**

**PUBLIC 67
EMERGENCY**

SPONSOR(S)

THERIAULT
WEBSTER M
COLLINS
ALLEN

COMMITTEE REPORT

OTP-AM

AMENDMENTS ADOPTED

S-64
S-65 CLARK N

SUMMARY

The bill increases the post-insolvency assessment limit in the Maine Insurance Guarantee Association (MIGA) from 1% to 2%, and establishes a second tier of post-insolvency assessment for the MIGA and the Maine Life and Health Insurance Guarantee Association (MLHGA). The first-tier assessment would be made against an account in the MIGA or the MLHGA (each association, or "fund" has three "accounts": workers' compensation, auto, and all other in the MIGA; life, health and annuities in the MLHGA) when an insolvency occurs of an insurer writing that insurance in Maine. The second tier assessment would permit the MIGA or the MLHGA to assess all accounts in the fund (not just the one which is responsible for payment of the claim) if the responsible account has reached its 2% assessment limit; the second-tier assessment would be limited to an additional 2% of premium of all accounts in the fund. The bill would also permit each fund to establish a preinsolvency assessment fund, with an assessment of up to 1/2 of 1% to be available on the event of an insolvency. Finally, the bill transfers responsibility for claims under workers' compensation excess insurance contracts issued to approved self-insurers from the MIGA to the Maine Self-Insurance Guarantee Association (MSIGA).

The committee amendment (S-64) deletes the preinsolvency assessment fund, and requires each guarantee association to obtain a line of credit to permit immediate access to money when needed to pay claims; removes the second-tier assessment authority, but permits assessment of accounts which have not reached their 2% of premium limit when the responsible account has reached its 2% cap; removes excess workers compensation policies from the MIGA but does not transfer responsibility to the MSIGA as under the bill; and provides an exemption from the automatic 60-day stay provision in the event of an insolvency for workers compensation proceedings.