

# 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)BUSTIN  
PINEAU  
MCKEEN  
CLARK HCOMMITTEE REPORT

LV/WD

AMENDMENTS ADOPTEDSUMMARY

The bill subjects health, life and workers' compensation insurance claims to the prohibitions of the unfair claims settlement practices act, section 2164-D of Title 24-A. That section prohibits insurers from engaging in a general business practice of unfair claims settlement practices, such as knowingly misrepresenting policy provisions to an insured, failing to acknowledge or review claims in a timely manner, appealing from arbitration awards in favor of insureds for the sole purpose of compelling them to accept lower settlements, failing to affirm coverage, reserve appropriate defenses or deny coverage within a reasonable time, and failing to deal in good faith with insureds.

SPONSOR(S)FARNSWORTH  
GWADOSKYCOMMITTEE REPORT

LV/WD

AMENDMENTS ADOPTEDSUMMARY

The bill requires the Bureau of Insurance to establish a physicians' insurance merit rating plan, under which a physician's medical malpractice premium would be based on the physician's experience with respect to incidents or occurrences of alleged malpractice.

The bill would also limit the number of classes an insurer could use in determining rates to four, and limits the difference in rates from the lowest class to the highest class. Rates for the highest class could not exceed five times the rates for the lowest class.

SPONSOR(S)GARLAND  
TWITCHELL  
CURRANCOMMITTEE REPORT

OTP-AM

AMENDMENTS ADOPTED

H-308

SUMMARY

The bill changes the effective time for a standard fire policy from noon to 12:01 a.m. The standard fire policy set forth in statute contains the minimum terms that any fire policy must include in Maine.

The bill also defines "actual cash value" as the amount which the insurer is required to pay for property covered under the standard fire policy, unless a replacement cost rider is added to the policy. Actual cash value is defined as the replacement cost of the insured item at the time of loss, less the value of physical depreciation of the item.

The committee amendment (H-308) specifies that physical depreciation is to be determined according to standard business practice.