

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)
BRANNIGAN
JOSEPH

COMMITTEE REPORT
LV/WD

AMENDMENTS ADOPTED

SUMMARY

The bill would require the Bureau of Insurance to collect more detailed data on the lines of insurance for which it currently collects data, and to expand the lines of insurance for which it collects this data. The bureau of insurance would be required to adopt rules requiring insurers to record and report data on its loss and expense experience, and to establish a form for reporting the data. The bill is based on draft proposal by the National Conference of State Legislatures. A copy of the revised NCSL model, and of a model from the National Association of Insurance Commissioners was introduced to the committee.

The committee gave the bill leave to withdraw, but requested that the Bureau of Insurance review the models to determine whether it would be appropriate for the Bureau to adopt some of the additional information requirements included in the models.

LD 1563 An Act to Reform the Workers' Compensation Insurance Rate-making Process

LV/WD

SPONSOR(S)
BUSTIN

COMMITTEE REPORT
LV/WD

AMENDMENTS ADOPTED

SUMMARY

The bill amends certain aspects of the workers' compensation insurance rate-making process by: repealing the statute prohibiting a court reviewing workers' compensation decisions from substituting its judgment for that of the superintendent; establishes that the court must review the superintendent's orders de novo; expands the existing ex parte communication prohibition by prohibiting ex parte contacts between the superintendent and insurers or rating organizations at any time, regardless of the pendency of an adjudicatory case; and requires the bureau of insurance to maintain a log of contacts. The bill also requires insurers that provide at least 5% of worker's compensation insurance in the state to file company specific data, and prohibits the superintendent from considering information from companies that have withdrawn from writing insurance in the state and from companies whose underwriting and claims processing standards are not in conformance with industry standards.

LD 1652 An Act To Protect Maine Businesses against Workers' Compensation Insurer Rate Gouging

PUBLIC 467

SPONSOR(S)
BUSTIN
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RAND
LUTHER

COMMITTEE REPORT
OTP-AM

AMENDMENTS ADOPTED
S-302

SUMMARY

The bill permits the Public Advocate, and organizations representing business and labor to file with the superintendent of insurance for workers' compensation rate reductions. The bill also requires the superintendent to review the fee for servicing the involuntary market each time a rate increase is granted, and limits the servicing fee to 20% of premium.

The committee amendment (S-302) strikes the entire bill and amends an existing provision in statute which permits any person aggrieved by a rate filing to apply to the superintendent of insurance for a hearing on the rates. The amendment permits the Public Advocate to make application to the superintendent for workers' compensation rates only, and only when the Public Advocate is representing the interests of workers' compensation policyholders, as a group. The application could not be made sooner than 180 days from the expiration of the appeal period for any rate decision.

The amendment also changes the timing for hearings and decisions when a person files an application under this section of statute. Current law requires the superintendent to hold a hearing within 30 days of receipt of an application. The amendment requires the superintendent to require the insurer to file a responsive filing containing information necessary to review the application. At least 30 days after receiving the responsive filing, but not more than 60 days after receiving the filing, the superintendent would be required to hold the public hearing. If a hearing on workers' compensation rates is held as a result of an application by the Public Advocate, the insurer or rating organization is required to pay \$50,000 for use by the Public Advocate to employ outside consultants to fulfill its obligations regarding the application challenging the rates.

The amendment also requires the superintendent to take evidence on the reasonableness of the service carrier fee in each case in which an adjustment is requested in the rates for the involuntary market. The superintendent would be required to adjust the level of the fee to a reasonable level if evidence found the level to be unreasonable.

LD 1705 An Act to Prohibit Unfair Rating Practices in Small Group
 Health Insurance

PUBLIC 422

SPONSOR(S)

COLLINS
CURRAN
THERIAULT
RAND

COMMITTEE REPORT

OTP-AM

AMENDMENTS ADOPTED

S-282

SUMMARY

The bill prohibits an insurer from determining the rates for a group health insurance policy if the group has fewer than 50 members on the basis of the claims experience of the groups.

The committee amendment (S-282) replaces the bill and prohibits experience rating for groups of fewer than 25 members, excluding dependents covered by the policy. Insurers would be permitted to place these small groups into two or more tiers for rating purposes based on the experience of the group or subgroup, but the rates for the highest tier may not exceed the average rate for all tiers by more than 20%. The amendment also requires insurers to disclose to prospective policyholders that their rates may vary based on their experience. The Act is repealed effective October 1, 1991.