

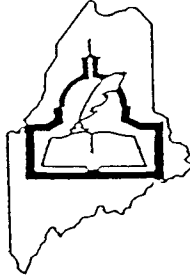
# MAINE STATE LEGISLATURE

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**STATE OF MAINE  
114TH LEGISLATURE  
SECOND REGULAR SESSION**



**BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE**

**JUNE 1990**

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Sen. Beverly Miner Bustin  
Sen. Donald F. Collins

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**One Hundred and Fourteenth Legislature  
Second Regular Session**

**Joint Standing Committee  
Bill Summaries**

**June 1990**

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. 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 or analysts assigned to the committee. But, this document was produced by the efforts of all the office staff, including secretaries: Charlene Raymond, 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.

3rd-party administrator only if the administrator is subject to a bonding requirement and has experience administering a plan as large as the state plan; and requires the self-funded plan to include the same mandated benefits that would be required for an insured plan.

**LD 2073**      **An Act to Authorize a General Fund Bond Issue in the Amount of \$10,000,000 to Provide Initial Capitalization of a Public Mutual Insurance Company to Provide Workers' Compensation Insurance to Employers in this State (Reported Pursuant to a Study Authorized by the Legislative Council)**      **LV/WD**

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

**SUMMARY**

This bill proposed a \$10,000,000 bond issue for the initial capitalization and administrative expenses of a Maine State Insurance Fund, proposed in LD 2203. The bill is part of the legislation submitted as a result of a study on the feasibility of creating a state workers' compensation insurance fund, conducted by a subcommittee of the Joint Standing Committee on Banking and Insurance. The funds would have to be repaid to the State by the proposed Maine State Insurance Fund as provided in LD 2203.

**LD 2089**      **An Act to Expand and Extend the Maine Managed Care Insurance Plan Demonstration Project**      **PUBLIC 905 EMERGENCY**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>	<b>AMENDMENTS ADOPTED</b>
RYDELL	OTP-AM	H-823
MANNING		S-724    PEARSON
COLLINS		
BRANNIGAN		

**SUMMARY**

The bill authorizes a third Maine Managed Care Insurance Plan Demonstration Project site and continues two existing sites until December 31, 1992.

The Committee Amendment (H-823) adds a fiscal note.

The Senate Amendment (S-724) strikes the fiscal note and provides that development of the third site is contingent on the Department of Human Services receiving funds from a source other than the General Fund. The provision for continuation of the existing sites was also stricken from the bill. There is no explicit statutory language that would repeal authorization for those sites, so it was not necessary to change the statute to provide for continuation.

**LD 2096**      **An Act to Amend the Definition of Actual Cash Value for Insurance Purposes**      **LV/WD**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>	<b>AMENDMENTS ADOPTED</b>
PEARSON	LV/WD	
CAHILL M		

**SUMMARY**

LD 2096 would have amended the statutory definition of "actual cash value," which determines the minimum amount of reimbursement that may be provided for property lost in a fire, under the standard fire insurance policy. Current law, as amended in 1989, defines actual cash value as the replacement cost of

the property, minus physical depreciation, as determined according to standard business practice. The bill would have removed reference to physical depreciation, and provided that actual cash value is the replacement cost of the property.

**LD 2162      An Act to Prohibit Motor Vehicle Insurers from Adjusting      PUBLIC 737**  
**Personal Insurance Rates of Certain Public Employees**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>	<b>AMENDMENTS ADOPTED</b>
COLLINS RYDELL WHITMORE	OTP	H-881    RYDELL

**SUMMARY**

The bill prohibits insurers from increasing the personal auto insurance rates of a law enforcement officer for an accident in the course of employment if the vehicle used in that employment is insured on another policy.

The House Amendment (H-881) makes technical clarifications.

**LD 2163      An Act to Amend the Laws Relating to the Maine Insurance      PUBLIC 751**  
**Guaranty Association and the Maine Life and Health Insurance**  
**Guaranty Association (Reported Pursuant to Public Law 1989,**  
**chapter 67)**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>	<b>AMENDMENTS ADOPTED</b>
	OTP	

**SUMMARY**

This is one of 2 bills containing the recommendations of the Banking & Insurance Committee's Subcommittee to Study the Current Operation of Insurance Guaranty Funds. This bill changes the laws governing the Maine Insurance Guaranty Association and the Maine Life and Health Insurance Guaranty Association.

The bill eliminates certain coverage of the guaranty associations, provides for continuation of the special assessment authority enacted in Public Law 1989, chapter 67, and requires the Joint Standing Committee on Banking and Insurance in 1993 to review this bill and the 1989 laws.

The bill also requires both associations to immediately notify the Joint Standing Committee on Banking and Insurance of any "spillover" assessment, and to report annually to the Legislature on the assessments made by the association.

**LD 2167      RESOLUTION, Proposing an Amendment to the Constitution of      LV/WD**  
**Maine to Ensure the Financial Integrity of Any Public Mutual**  
**Insurance Company Established to Provide Workers'**  
**Compensation Insurance to Employers in This State (Reported**  
**Pursuant to a Study Authorized by the Legislative Council)**

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

**SUMMARY**

This resolution is part of the legislation submitted as a result of a study on the feasibility of creating a state workers' compensation insurance fund, conducted by a subcommittee of the Banking and