

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

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



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

JUNE 1990

MEMBERS:
*Sen. Raynold Theriault
Sen. Beverly Miner Bustin
Sen. Donald F. Collins

*Rep. Charlene B. Rydell
Rep. Phyllis R. Erwin
Rep. Richard H. C. Tracy
Rep. Carol M. Allen
Rep. Harriet A. Ketover
Rep. Ruth Joseph
Rep. Anne M. Rand
Rep. Philip E. Curran
Rep. Joseph A. Garland
Rep. Harvey C. Donald

Staff:
Deborah C. Friedman, Legislative Analyst
Haven Whiteside, Legislative Analyst

**Office of Policy and Legal Analysis
Room 101, State House Station 13
Augusta, ME 04333
(207) 289-1670**

*Denotes Chair

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
GILBERT W. BREWER
TODD R. BURROWES
GRO FLATEBO
DEBORAH C. FRIEDMAN
JOHN B. KNOX



STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

PATRICK NORTON
HARTLEY PALLESCHI
MARGARET J. REINSCH
PAUL J. SAUCIER
JOHN R. SELSER
HAVEN WHITESIDE
JILL IPPOLITI, RES. ASST.
BARBARA A. MCGINN, RES. ASST.
BRET A. PRESTON, RES. ASST.

**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.

Insurance Committee. The resolution proposes a constitutional amendment to prevent the State from seizing funds belonging to the proposed Maine State Insurance Fund. The amendment would ensure that money held by the proposed Maine State Insurance Fund is used solely for its proper purposes.

LD 2171 **An Act to Amend the Workers' Compensation Insurance Laws
(Reported Pursuant to a Study Authorized by the Legislative
Council)**

**PUBLIC 780
EMERGENCY**

SPONSOR(S)

COMMITTEE REPORT

AMENDMENTS ADOPTED

OTP-AM

H-904

H-914 TAMMARO

SUMMARY

This is one of four bills submitted as a result of the study on the feasibility of creating a state workers' compensation insurance fund, conducted by a subcommittee of the Banking & Insurance Committee. This bill makes changes to the workers' compensation laws relating to the residual market and to "fresh start."

The bill changes the law so that employers in the Accident Prevention Account will not become subject to premium surcharge penalties or mandatory deductibles as a result of a single large loss. The bill also increases from \$12,000 to \$20,000 the threshold premium level at which the mandatory deductible will be applied, and requires the Superintendent to adjust the threshold to take into account changes in rates.

The bill also clarifies that employers who were in the insurance market in the year for which a deficit or surplus is determined in a "fresh start" proceeding, but who later became self-insured or join an approved group self-insurance plan, are subject to any surcharge for deficits arising in the years they were insured. Finally, the bill requires a workers' compensation insurance carrier to provide an employer with at least 30 days' notice of any impending increase in premium.

The Committee Amendment (H-904) changes the deadline for the Superintendent of Insurance to make a determination in the "fresh start" proceedings from the current statutory requirement of March 15th to the earlier of June 1st or the date the Superintendent issues a decision in any filing of a rate change request pending before the Superintendent on January 1. The amendment also clarifies the calculation of the surcharge for employers who were insured in the policy year that creates a deficit but who are self-insured in the year a surcharge is ordered, and exempts self-insureds from any surcharge ordered in 1990.

The House Amendment (H-914) makes a technical correction.

LD 2178 **An Act to Extend the Sunset and to Evaluate the Motor
Vehicle Insurance Laws (Reported Pursuant to a Study
Authorized by the Legislative Council)**

**PUBLIC 824
EMERGENCY**

SPONSOR(S)

COMMITTEE REPORT

AMENDMENTS ADOPTED

OTP-AM

S-588

S-598 THERIAULT

SUMMARY

This bill was a result of a study of compensation of victims of uninsured motorists by a subcommittee of the Joint Standing Committee on Banking and Insurance.

Prior to 1988, Maine law did not require motor vehicle liability insurance except when persons were involved in reportable accidents or convicted of moving violations. On January 1, 1988, a more stringent law took effect, requiring every operator or owner to maintain motor vehicle liability insurance. If an

operator failed to produce evidence of insurance, the operator was in violation, but if the operator purchased insurance at least 24 hours before the court appearance the charge of failure to produce insurance was dismissed. Finally, in 1989 the law was amended to delete the grace period for purchase of insurance and require that the insurance be in effect at the time of the accident or moving violation.

With the Committee Amendment (S-588), this bill extends the sunset date of the present motor vehicle insurance laws from January 1, 1991, to January 1, 1992, in order to allow time to study other issues related to auto insurance. This amendment also adds an emergency clause and a fiscal note.

The Senate Amendment (S-598) makes a technical correction and adds an extension of the sunset on motor vehicle insurance cards to January 1, 1992.

LD 2195 An Act to Ensure the Proper Delivery of Insurance Benefits

PUBLIC 767

SPONSOR(S)

CAHILL P
WHITCOMB
COTE

COMMITTEE REPORT

OTP-AM

AMENDMENTS ADOPTED

S-562

SUMMARY

The bill limits to \$25 the penalty that an insurer or nonprofit service organization may impose on a covered person for failure to notify the medical utilization review entity of the person's hospitalization.

The Committee Amendment (S-562) deletes the entire bill and replaces it with language prohibiting a penalty against the insured for failure to notify a review entity of emergency hospital admissions. The amendment requires hospitals to notify review entities of emergency admissions unless the hospital stay is less than 48 hours or the hospital is not able to obtain authorization to release the information.

LD 2203 An Act to Create a State Insurance Fund (Reported Pursuant to a Study Authorized by the Legislative Council)

LV/WD

SPONSOR(S)

COMMITTEE REPORT

LV/WD

AMENDMENTS ADOPTED

SUMMARY

This bill is one of four bills 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 Insurance Committee. This bill, recommended by a majority of the subcommittee, would have established the Maine State Insurance Fund as an independent mutual insurance company. The Fund would be subject to all state laws governing mutual insurers to the same extent as any private mutual insurance company. The fund would be governed by a board of directors, a majority of whom are appointed by the Governor, and the remainder of whom are selected by policyholders of the fund. The fund would be authorized, but not required, to use private insurance agents to sell workers' compensation insurance.

The fund would have retained only limited connections with the State, such as insuring the State for workers' compensation liability. The fund would become operational only when it received sufficient initial capitalization as a loan from the State, to be provided by a bond issue in the amount of \$10,000,000.