

# 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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**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  
OTP-ND  
OTP-ND-NT  
OTP-A  
ONTP  
LVWD  
INDEF PP

Ought to Pass  
Ought to Pass in New Draft  
Ought to Pass in New Draft, New Title  
Ought to Pass as Amended  
Ought Not to Pass  
Leave to Withdraw  
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.

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.