

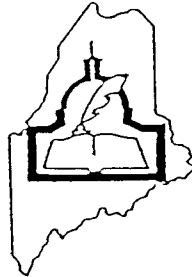
MAINE STATE LEGISLATURE

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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
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.

LD 2249 **An Act to Limit the Role of Rating Organizations in Property and Casualty Rate Making**

PUBLIC 797

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
CURRAN RYDELL COLLINS THERIAULT	OTP-AM	H-905

SUMMARY

The bill prohibits rating organizations from developing or filing final premiums for property and casualty insurance, except workers' compensation. Insurer advisory organizations will be permitted to file prospective loss cost information and supplementary rating information, but are prohibited from filing expense and profit information. Each insurer will be required to file its own expense and profit margin.

The Committee Amendment (H-905) corrects a cross-reference in the statute and adds an allocation section and a fiscal note.

LD 2250 **An Act Concerning the Discontinuance and Replacement of Group Health Insurance**

LV/WD

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
COLLINS DONALD THERIAULT ALLEN	LV/WD	

SUMMARY

LD 2250 would have required group medical insurers and health maintenance organizations to waive medical underwriting and to waive any preexisting condition exclusion to the extent that benefits would have been covered under a prior group health plan. The provisions would have applied when a group changes carriers, and when an individual moves from group plan to group plan. The bill would also have limited premium increases attributable to the continuation of coverage for employees of small employers, and would have provided for a spreading of the costs of that coverage. The bill also required group plans to include a reasonable provision for continuation of benefits for a person who is totally disabled on the date the group plan terminates.

LD 2250 is one of three bills relating to continuity of health insurance coverage. See also LD 1979 (LV/WD) and LD 2274 (ENACTED).

LD 2253 **An Act to Improve Oversight of the Financial Condition of Insurers (Reported Pursuant to Public Law 1989, chapter 67)**

PUBLIC 846

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
	OTP-AM	S-635

SUMMARY

LD 2253 is one of 2 bills containing the recommendations of the Banking and Insurance Committee's Subcommittee to Study the Current Operation of State Insurance Guaranty Funds. This bill includes numerous recommendations for improvements in the oversight of insurers. This bill requires insurers to provide information to the National Association of Insurance Commissioners (NAIC) to enable them to operate the Insurance Regulatory Information System (IRIS); limits the amount of "junk bonds" that a property/casualty insurer may invest in; requires insurers to grant the Bureau of Insurance access to

the working papers used by certified public accountants (CPAs) in putting together the annual audited financial statement already required by Maine law and requires the CPA firm to rotate the partner in charge of an insurer audit every 7 years. The bill enacts a chapter to regulate 3rd-party administrators, and makes a number of changes in the law relating to credit for reinsurance ceded by an insurer.

The Committee Amendment (S-635) makes a number of changes in the original bill. The amendment clarifies which provisions of the Insurance Code apply to investments by a property/casualty insurer that also does life, health or annuity business, and requires those insurers to maintain separate accounts for life insurance, health insurance or annuities. The amendment clarifies the 7-year CPA rotation requirement. The amendment makes numerous technical and substantive changes in the licensing of 3rd-party administrators, including exempting ERISA plan officials and removing an exemption for non-resident administrators. The amendment also makes changes in the provisions relating to credit for reinsurance, permitting credit for certain foreign reinsurance and tightening standards for insurers who are not licensed in Maine and who do not maintain trust funds.

LD 2259 An Act Concerning Tax and Insurance Escrow Accounts

LV/WD

SPONSOR(S)

RYDELL
MARTIN J
PRAY
THERIAULT

COMMITTEE REPORT

LV/WD

AMENDMENTS ADOPTED

SUMMARY

The bill would require banks to pay interest, at the passbook savings rate, on escrow accounts. The bill would also permit borrowers with at least 20% equity in their homes and an on-time payment record of at least a year to cancel their escrow requirement.

The committee voted LWD, but will request the Bureau of Banking and the bankers associations to review the issue.

**LD 2260 An Act Requiring Prior Notification and Restricting
Cancellation of Health Coverage for Persons With Organic
Brain Disease**

PUBLIC 835

SPONSOR(S)

BURKE
BUSTIN
RYDELL
DONALD

COMMITTEE REPORT

OTP-AM

AMENDMENTS ADOPTED

H-1049
H-1084 TAMMARO

SUMMARY

With the Committee Amendment (H-1049) this bill addresses the problem of lapse in health insurance for non-payment of premium by persons with organic brain disease. The Bureau of Insurance is required by January 1, 1991, to adopt rules for notification, which include the opportunity for the subscriber to designate an additional person to receive notice prior to cancellation for non-payment of premium. In addition, those rules will address the need for restrictions on cancellation when, as a result of organic brain disease, an insured fails to pay the premium.

The House Amendment (H-1084) is technical.