

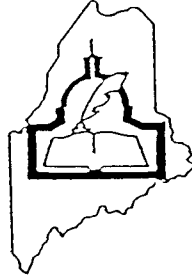
# MAINE STATE LEGISLATURE

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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.

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.