

MAINE STATE LEGISLATURE

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**STATE OF MAINE
115TH LEGISLATURE**

**FIRST REGULAR SESSION
AND
FIRST SPECIAL SESSION**

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

AUGUST 1991

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**ONE HUNDRED AND FIFTEENTH LEGISLATURE
FIRST REGULAR SESSION
AND
FIRST SPECIAL SESSION
JOINT STANDING COMMITTEE
BILL SUMMARIES
AUGUST 1991**

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 volume is organized alphabetically by committee; within each committee, the summaries are arranged by LD number. A subject index is provided at the beginning of each committee's summaries.

All adopted amendments are listed, by paper number (e.g., H - 584 or S - 222), together with the sponsor for floor amendments. Final action on each bill is listed to the right of the title. Various types of final action are abbreviated as follows:

PUBLIC XXX	<i>Chapter # of enacted Public Law</i>
P&S XXX	<i>Chapter # of enacted Private & Special Law</i>
RESOLVE XXX	<i>Chapter # of enacted Resolve</i>
CON RES XXX	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
EMERGENCY	<i>Enacted law takes effect sooner than 90 days</i>
CARRIED OVER	<i>Bill carried over to 2nd Session</i>
FAILED EMERGENCY ENACTMENT	<i>Bill failed to get 2/3 vote</i>
ONTP	<i>Ought Not to Pass report accepted</i>
LVWD	<i>Leave to Withdraw report accepted</i>
INDEF PP	<i>Bill Indefinitely Postponed</i>
DIED BETWEEN BODIES	<i>House & Senate disagree; bill died</i>
VETO SUSTAINED	<i>Legislature failed to override Governor's Veto</i>
UNSIGNED	<i>Not signed by Governor within 10 days</i>
DIED ON ADJOURNMENT	<i>Action incomplete when 1st session ended</i>

These summaries were 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.

If you have any suggestions or comments on these summaries, please let us know.

Maine law a maximum \$12 annual fee and 18% per annum interest. This amendment dedicates all income from the environmental credit card to the Natural Resources Protection Fund, a nonlapsing fund used to protect or acquire critical wildlife habitats, acquire public lands, protect threatened or endangered species, restore and protect lakes, wetlands and the marine environment and provide public education and information about the environment. A fund management committee administers the fund and may accept gifts, grants, bequests, appropriations and allocations. An advisory committee reviews the activities of the fund and makes recommendations to the fund management committee. An allocation is provided to allow the fund to spend money in the first 2 years. This money comes from income to the fund from the credit card program and does not require or utilize any appropriation. The amendment adds a fiscal note which shows that the credit card program will not require an appropriation. All costs will be paid from the fund income itself. The allocation is to allow fund money to be spent.

**LD 346 An Act to Amend Qualifying Standards Applicable to
Reinsurance Transactions**

PUBLIC 38

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
HASTINGS RAND BRAWN THERIAULT	OTP-AM	H-39

SUMMARY

A newly instituted plan for expanded reinsurance markets has been made viable by the establishment of very significant deposit standards for trustee assets to be located in the United States by London reinsurers offering such markets. This bill addresses issues of safety and soundness by establishing requirements designed to reasonably ensure performance upon policy obligations undertaken by such business ventures.

Committee Amendment "A" (H-39) corrects wording in the bill.

**LD 348 An Act to Amend Certain Provisions of the Laws Relating to
Health Insurance**

PUBLIC 48

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
DUFFY RUHLIN TITCOMB MITCHELL E	OTP-AM	H-47

SUMMARY

The purpose of this bill is to protect consumers in this State who purchase health care coverage for services or benefits from nonprofit hospital or medical service organizations from sudden, extremely large rate increases and to protect consumers' ability to purchase Medicare supplemental coverage.

The bill ensures that rates charged by nonprofit hospital or medical service organizations, already subject to approval by the Superintendent of Insurance, contain no more than a specific percentage amount for the purpose of replenishing corporate reserves.

The bill removes the tax exemption status from those portions of nonprofit hospital or medical service organization businesses that are not "community-rated," that is, set without reference to age, sex or other characteristics of the subscribers. In addition, to the extent that the superintendent is approving rates for those portions of the nonprofit hospital or medical service organization businesses that are tax exempt, those rates may not include any charge for the taxes paid on the organizations'

taxable lines of their businesses. The bill includes an amendment to the charter of the Associated Hospital Service of Maine incorporating the statutory scheme changes in the tax status of nonprofit hospital or medical services organizations into the charter.

The bill requires every organization subject to rate review to submit a rate filing at least once every 2 years and includes a number of changes to the time frames for rate filings and hearings. This bill specifically: requires the Superintendent of Insurance, in approving rates, to allocate 100% of any hospital discount awarded by the Maine Health Care Finance Commission to the line of business generating the discount; prohibits the superintendent from approving a biennial rate increase greater than 20% of the prior approved premium; requires that a public hearing be held on the filed rates; and requires that no rate filing be approved unless the superintendent is first able to find, on the basis of information submitted by the nonprofit hospital or medical service organization, that the organization employs a utilization review program and other policies and programs that have had or are expected to have a demonstrated impact on cost containment.

The bill ensures that every year a minimum 2-month period is provided to potential subscribers by each insurer, nonprofit hospital, medical service organization or nonprofit health care plan offering Medicare supplemental coverage.

The bill requires that any entity offering a Medicare supplement policy or certificate that replaces another Medicare supplement policy or certificate waive any time periods applicable to preexisting conditions, waiting periods, elimination periods and probationary periods to the extent that time has already been spent under the original policy being replaced.

Committee Amendment "A" (H-47):

1. Removes the limitations on insurance reserves contained in the bill;
2. Removes the connection between community rating in individual lines of insurance and tax-exempt status;
3. Changes the rate filing date to not less than 90 days before the requested effective date, with a 30-day delay allowable by the Superintendent of Insurance;
4. Requires rate filings to be made every 3 years. This minimizes the impact of large increases that come into effect less frequently; and
5. Allows the nonprofit hospital and medical service organization to choose the month of open enrollment each calendar year.

**LD 376 An Act to Authorize the State, Counties and Municipalities
to Buy Employee-deferred Compensation Plans from Financial
Institutions**

ONTP

SPONSOR(S)
BRANNIGAN
RYDELL
GARLAND
BRAWN

COMMITTEE REPORT
ONTP

AMENDMENTS ADOPTED

SUMMARY

This bill allows state, county and municipal employees to enter into deferred compensation agreements with Maine financial institutions. Presently, only insurance companies and investment firms may provide