

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.

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

deferred compensation plans to public employees. These are services that many Maine financial institutions already provide to private sector employers and employees.

LD 393 An Act to Prohibit Tie-in Sales in Insurance

PUBLIC 49

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
RAND PINEAU THERIAULT HOGLUND	OTP-AM	H-46

SUMMARY

This bill prohibits sellers and lenders from requiring that a buyer or borrower purchase insurance through a particular broker or agent and prohibits brokers or agents from participating in a connected transaction. The bill does not prevent insurance agents or brokers from engaging in other types of business but does prohibit coerced combinations involving insurance.

Committee Amendment "A" (H-46) makes the tying in of insurance sales an unfair trade practice when the consumer is required to purchase but does not wish to purchase additional coverage in order to obtain a desired coverage and the consumer's alternative opportunities are severely limited or nonexistent.

LD 409 An Act to Ensure Fair Insurance Practices

ONTP

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
GARLAND KANY KETOVER RAND	ONTP	

SUMMARY

This bill ensures fair insurance practices by prohibiting insurers from increasing rates because of an accident in which the other driver received a traffic citation, by prohibiting arbitrary increases in the deductible and by requiring that the policy or its envelope list the name, office address, office hours and telephone number of the underwriter.

LD 442 An Act to Amend the Automobile Insurance Anti-group Laws

LV/WD

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
RAND BUSTIN KETOVER CARLETON	LV/WD	

SUMMARY

This bill amends anti-group laws in the automobile insurance industry. It will enable insurers to sell group insurance for automobiles and to mass market automobile insurance.