

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.

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
GILL	OTP-AM	S-109 KANY
GAUVREAU		S-86
GARLAND		

SUMMARY

Part A requires that documents describing a utilization review plan be submitted to the Bureau of Insurance as part of the application process regardless of the source. Disclosure is central to the regulatory scheme of the bureau and must be provided in all situations.

A number of insurers have adopted eligibility standards for coverage for dependent children that require the children to be dependent on the insured for financial support. This requirement prevents a number of stepparents and parents from providing health insurance coverage for their children because the children are legally and financially dependent on another parent. Part B permits parents to provide coverage for their children or the children of their spouse without a requirement to prove financial dependency. This allows parents to cover children and encourages financial responsibility. Coordination of benefits provisions will resolve excess coverage issues in cases where children may be eligible for coverage under more than one health plan.

Part C requires a 30-day "free-look" provision in these policies consistent with the current National Association of Insurance Commissioners, or NAIC, model. First year commission on replacement sales is prohibited. This provision responds to concerns about unacceptable marketing practices by agents.

When experience refunds or dividends are paid on group credit insurance or mortgage insurance, they are generally paid to the group policyholder, such as a bank, even though the premiums were paid by the insured debtor. Current law requires other group policyholders to apply any refund in excess of the policyholder's contribution to the premium for the sole benefit of insured employees and members. This provision does not apply to debtor groups. Part D requires all group policyholders to refund any amounts in excess of their contribution to the insureds in proportion to their contributions. An exception is made for amounts less than \$1.

Committee Amendment "A" (S-86) changes the definition of dependent children in 4 sections. It provides for coordination of benefits in nongroup nonprofit hospital, medical service or health care subscriber contracts. The amendment removes the compensation provisions of the bill and allows the Superintendent of Insurance to promulgate rules regarding compensation and commission and disclosure of information on compensation and commission and on replacement policies. The amendment allows refunds required by section D-2 of the bill to be applied in a different manner if they do not exceed \$25 per employee, member or debtor and if approved by the Superintendent of Insurance. The amendment exempts from the refund requirements insurance that is subject to the fiduciary standards of the federal Employee Retirement Income Security Act of 1974. This amendment adds a fiscal note showing that costs will be absorbed by the Bureau of Insurance.

Senate Amendment "A" (S-109) corrects the language applicable to the people covered by different types of health insurance, distinguishing subscribers, policyholders, certificate holders and enrollees. The committee amendment inadvertently referred to them all as subscribers.