

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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Jane Orbeton, Legislative Analyst

*Office of Policy and Legal Analysis
Room 101, State House Station 13
Augusta, ME 04333
(207) 289-1670*

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STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

**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.

LD 1118 An Act to Require Casualty Insurers to Provide an Annual Valuation of Loss Reserves

PUBLIC 128

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
CARLETON SUMMERS ERWIN	OTP-AM	H-138

SUMMARY

This bill provides an annual reserve certification, which includes valuation of unpaid losses and other policy obligations of property and casualty insurers, by a qualified actuary. Periodic evaluations reduce the prospects for insurance company failures and responsibilities of member companies to the Maine Insurance Guaranty Association respecting covered claimants. Additionally, a determination of reserve adequacy assists the bureau in its evaluation of the appropriateness of rate charges respecting those insurance products.

Committee Amendment "A" (H-138) reorganizes section 941, subsection 1 for clarity. It also deletes the requirement that the actuary who performs the annual certification is independent of the insurer. This amendment adds a fiscal note showing that costs will be absorbed by the Bureau of Insurance.

LD 1122 An Act to Encourage Medical Cost Containment Measures by Enabling the Establishment of Preferred Provider Arrangements

CARRIED OVER

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
MANNING GWADOSKY THERIAULT		

SUMMARY

This bill allows the use of managed care techniques as a means to contain medical costs. The bill amends current law by differentiating between types of preferred provider arrangements, requiring more detailed information from capitated arrangements than from simple reimbursement plans.

LD 1129 An Act to Eliminate the Requirement of Uninsured and Underinsured Motorist Coverage

LV/WD

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
MCCORMICK	LV/WD	

SUMMARY

This bill eliminates the requirement of uninsured and underinsured motorist coverage.

LD 1168 An Act to Clarify the Status of Employee Benefit Excess Insurance

PUBLIC 385

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
GARLAND THERIAULT KETOVER	OTP-AM	H-355 S-285 KANY

SUMMARY

Current law makes no express provision for excess insurance providing catastrophic coverage to

self-funded employee benefit plans under the Employee Retirement Income Security Act of 1974, as amended. This bill codifies the current treatment of such insurance as a form of casualty insurance, which may appropriately be written by liability insurers. The bill also allows life and health carriers to write excess insurance for self-funded plans to the same extent that they are already authorized to reinsure insured plans. In either case, the insurance should be considered part of the ordinary class of business of the insurer and not subject to the special accounting procedures for general lines insurers under the Maine Revised Statutes, Title 24-A, section 1101. Finally, the bill establishes a distinction between excess and basic insurance so that the excess insurance designation can not be used as a vehicle for evading mandated health insurance benefits.

Committee Amendment "A" (H-355) sets standards for approval of excess insurance policies and codifies the current treatment of such insurance as a form of casualty insurance that may appropriately be written by liability insurers. Current law makes no express provision for excess insurance providing catastrophic coverage to self-funded employee benefit plans qualifying under the Employee Retirement Income Security Act of 1974, ERISA, Public Law 93-406, Sept. 2, 1974. The amendment also allows life and health insurance carriers to write excess insurance for self-funded plans to the same extent that they are already authorized to reinsure insured plans. The amendment further establishes a distinction between "excess" and "basic" insurance so that the "excess insurance" designation can not be used as a vehicle for evading mandated health insurance benefits. The amendment also makes clear that life or health insurers writing employee benefit excess insurance or other types of casualty insurance, such as congenital defect insurance, written under their life or health insurance authority, do not thereby become "all lines" insurers. Finally, the amendment corrects an error in the existing law that inadvertently made investments supporting the health insurance business of "multiple lines" insurers subject to the regulatory standards of the Maine Revised Statutes, Title 24-A, chapter 13-A. The amendment makes all investments of "multiple lines" insurers that do not write life insurance or annuity business subject to chapter 13; the only insurers required to maintain distinct life or health insurance and property insurance, casualty insurance portfolios will be the "all lines" insurers. The amendment clarifies that insurance companies may not be licensed to sell only annuities.

LD 1180 An Act to Strengthen the Mandatory Motor Vehicle Insurance LV/WD
Laws

SPONSOR(S) GWADOSKY MITCHELL E TRACY	COMMITTEE REPORT LV/WD	AMENDMENTS ADOPTED
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SUMMARY

This bill strengthens the State's mandatory liability insurance laws and authorizes the Secretary of State to conduct a study to determine what insurance program would best serve the State's motoring public. The bill also increases the amount of liability insurance a person must have before the person may register a motor vehicle.

LD 1192 An Act Relating to Workers' Compensation Self-insurance ONTP

SPONSOR(S) RICH THERIAULT HASTINGS TAMMARO	COMMITTEE REPORT ONTP	AMENDMENTS ADOPTED
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SUMMARY

Employers who self-insure workers' compensation benefits and currently meet specific criteria may post a