

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.

security deposit or surety bond with the Treasurer of State to be an approved self-insurer. Under certain circumstances the amount of a deposit may be as small as \$100,000 even though the self-insured obligations of the employer are substantially greater.

This bill removes the current qualification standards by which a self-insurer may make a limited security deposit and requires the Superintendent of Insurance to adopt rules with new standards. Those standards must take into account the financing ability of the employer, the probability of exposure to high-level losses and the self-insurer's financial strength.

LD 1242 An Act to Authorize the Town of Casco to Operate Amusement LV/WD
Devices without Requiring Proof of Insurance

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
SIMPSON TITCOMB	LV/WD	

SUMMARY

This bill authorizes the Town of Casco to operate amusement devices without presenting the Commissioner of Public Safety with proof of liability insurance.

LD 1247 An Act to Amend Certain Provisions of the Insurance Code PUBLIC 298
Involving the Powers of the Superintendent

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
CARLETON BUSTIN MITCHELL E BRAWN	OTP-AM	H-315

SUMMARY

Currently, the Maine Insurance Code does not provide a procedure to protect consumers in emergency situations when injury is likely to result or when persons are engaging in unlicensed insurance activity. The Maine Revised Statutes, Title 24-A, section 12-A, subsection 2 requires that insurers and agents be given the opportunity for a hearing prior to issuance of a cease and desist order. This bill amends the law to allow the Superintendent of Insurance to issue preliminary cease and desist orders ex parte, upon a showing by the complaining party that a person is engaging in unlicensed practices or is engaging in activity that is likely to cause public injury, with provision for immediate review at a hearing. The bill also makes cease and desist orders effective when issued, unless the superintendent or the court finds cause to delay the effective date, such as when the validity of the order depends on an unsettled question of law and an appeal is pending.

Title 24-A, section 1539 now gives the Superintendent of Insurance, rather than the Administrative Court, initial jurisdiction in actions for license suspension. When Title 24-A, section 1539 was amended in 1989, however, Title 24-A, section 1540, which provides that the effective date and duration of a license suspension are set by the Administrative Court, was inadvertently left in place. Thus, a law change that was intended to streamline the disciplinary process instead seemingly ordered a bifurcated hearing in 2 different forums in all license suspension actions. This bill makes these other archaic and inconsistent sections consistent with other enforcement provisions of the code and clarifies certain ambiguous language. In addition, the Unauthorized Insurers False Advertising Act, which duplicates a parallel provision in the unfair and deceptive practice laws, is replaced by a provision clarifying the general applicability of the unfair and deceptive practice laws to unauthorized as well as authorized insurers.

The Committee Amendment "A" (H-315) establishes a hearing process for the issuance of cease and desist

orders against insurers engaged in unfair and deceptive practices. The emergency cease and desist order provision of the bill is amended to decrease the time within which a hearing must be held after the issuance of an emergency cease and desist order to 10 days. Reference to a show cause order has been removed from the prehearing procedure for insurers lacking a certificate of authority.

LD 1253 An Act to Create a Logging Fund to Provide Safety and Reasonably Priced Guaranteed Insurance for the State's Logging Industry LV/WD

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
CONLEY GOULD R A POWERS PARADIS J		

SUMMARY

This bill establishes a workers' compensation Logging Industry Fund based on a similar fund in operation in Michigan. It creates a special fund under the administration of the Chair of the Workers' Compensation Commission that is used to reimburse employers or insurers for certain benefits paid to employees injured while employed in the logging industry. The fund will reimburse an employer or insurer for any weekly compensation paid to an injured employee or the employee's dependents in excess of \$25,000. The Logging Industry Fund will be funded by a quarterly 1% assessment upon actual paid workers' compensation losses of all employers and insurers in the State. To ensure that no more money than necessary is collected, no assessment will be made if the fund balance equals or exceeds the amount of the previous assessment.

LD 1255 An Act to Prohibit the Sale of Individual Specific Disease Health Insurance Providing Minimal Benefits PUBLIC 211

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
RYDELL MITCHELL E MCCORMICK	OTP-AM	H-237

SUMMARY

The bill prohibits the sale in this State of disease insurance policies that provide minimal returns to the insured.

Committee Amendment "A" (H-237) establishes as Maine law the standards of the National Association of Insurance Commissioners for individual policies of specific disease insurance. It defines the types of renewal clauses and limits the application of the standards to health insurance. This amendment changes the title of the original bill to reflect the limitations of the standards to individual policies.

LD 1292 An Act to Clarify Regulation of Private Label Credit Cards PUBLIC 212

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
MORRISON GARLAND	OTP-AM	H-238

SUMMARY

This bill clarifies that the protections of the Maine Consumer Credit Code apply to credit card plans