

MAINE STATE LEGISLATURE

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STATE OF MAINE
116TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE

MAY 1994

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**ONE HUNDRED AND SIXTEENTH LEGISLATURE
SECOND REGULAR SESSION**

**JOINT STANDING COMMITTEE
BILL SUMMARIES**

MAY 1994

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.

The committee report or reports, the prime sponsor for each bill and the lead co-sponsor in each house if one has been designated are listed below each bill title. All adopted amendments are listed, by paper number, 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

P&S XXX

RESOLVE XXX

CON RES XXX

EMERGENCY

ONTP

INDEF PP

FAILED ENACTMENT

FAILED EMERGENCY ENACTMENT

FAILED MANDATE ENACTMENT

DIED BETWEEN BODIES

CONF CMTE UNABLE TO AGREE

VETO SUSTAINED

UNSIGNED

DIED ON ADJOURNMENT

Chapter # of enacted Public Law

Chapter # of enacted Private & Special Law

Chapter # of enacted Resolve

Chapter # of Constitutional Resolution passed by both Houses

Enacted law takes effect sooner than 90 days

Ought Not to Pass report accepted

Bill Indefinitely Postponed

Bill failed to get majority vote

Emergency bill failed to get 2/3 vote

Bill imposing local mandate failed to get 2/3 vote

House & Senate disagree; bill died

Committee of Conference unable to agree; bill died

Legislature failed to override Governor's Veto

Not signed by Governor within 10 days

Action incomplete when session ended; bill died

These summaries were prepared by the analyst or analysts assigned to the committee. If you have any suggestions or comments on the summaries, please let us know.

5581LHS

The Standard Valuation Law was enacted in all 50 states to specify the level of reserves life insurers are required to hold to provide for future benefits. The National Association of Insurance Commissioners recently amended the model law to require an actuarial certification as to the appropriateness of the assets backing up the reserves. Part B of this bill amends the State's Standard Valuation Law to conform to the new model.

COMMITTEE AMENDMENT "A" (S-464) maintains the original bill as written. It also changes the licensing requirements for certified public accountants as they apply to applicants whose experience is as examiners engaged in financial examinations for the Bureau of Insurance. This amendment also adds a fiscal note. This amendment also conforms existing law to current drafting standards.

**LD 1914 An Act to Clarify the Opportunity for Small Employers to
Purchase Health Insurance**

**PUBLIC 588
EMERGENCY**

SPONSOR(S)
RYDELL

COMMITTEE REPORT
OTP-AM

AMENDMENTS ADOPTED
H-904

SUMMARY

This bill adds part-time employees who work at least 10 hours per week and retirees to the employees eligible for coverage under the small employer health insurance laws. It changes the number in the eligible group from fewer than 25 employees to from 2 to 24 employees. It allows a health maintenance organization in its 2 standardized group health plans to impose penalties through its utilization review procedures that apply per admission or per encounter. The penalties must be consistent with the normal requirements applicable to benefits in that health maintenance organization.

COMMITTEE AMENDMENT "A" (H-904) clarifies that an employer may elect to treat a number of employees who work part-time and who retire as eligible employees for the purpose of the small group health insurance.

**LD 1924 An Act to Improve Licensing Procedures at the Bureau of
Insurance**

**PUBLIC 637
EMERGENCY**

SPONSOR(S)
CARLETON

COMMITTEE REPORT
OTP-AM

AMENDMENTS ADOPTED
H-884
H-931 PINEAU

SUMMARY

This bill amends parts of the Maine Insurance Code to improve and streamline licensing and application procedures and changes some of the fee schedule. The bill repeals several sections of law that require tracking of information that was backlogging the Bureau of Insurance. The bill adds a simpler requirement to replace those repealed sections of law.

The bill changes certain scheduled insurance fees from a staggered renewal system to a more consistent system. Some fees are raised to compensate for the elimination of other fees and for some fees that have never been raised. The bill addresses the application procedures of the Maine Insurance Code and amends the code to reduce the workload of the Bureau of Insurance and cut back on incoming applications. The bill amends the code on the requirements for becoming a broker and eliminates distinctions between adjustors; this reduces excess record keeping.

Lastly, this bill amends the Maine Insurance Code to allow the Superintendent of Insurance to contract with outside services for continuing education courses. It removes a requirement that the superintendent maintain and update an attorneys' list for all licensed insurers.

COMMITTEE AMENDMENT "A" (H-884) accomplishes the following.

1. It adds an emergency preamble and emergency clause to the bill.
2. It makes changes in some of the licensing fees.
3. It deletes the reference to 15 days and requires the payment of licensing fees prior to the insurer's agents' expiration dates.
4. It allows the individual to be covered by a bond of \$10,000 or a blanket bond of \$25,000.
5. It requires a report from the Bureau of Insurance to the joint standing committee of the Legislature have jurisdiction over banking and insurance matters on the financial affect of the license fee changes by April 1, 1996.
6. It adds a fiscal note.
7. This amendment also conforms existing law to current drafting standards.

HOUSE AMENDMENT "A" (H-931) restricts the requirement for powers of attorney attached to bonds. It creates an exemption for bonds executed by an officer of the insurer.

LD 1938 An Act to Permit Short-term Health Insurance Policies

ONTP

SPONSOR(S)

BUTLAND

COMMITTEE REPORT

ONTP

MAJ

OTP

MIN

AMENDMENTS ADOPTED

SUMMARY

This bill exempts short-term, individual health insurance policies from requirements relating to guaranteed renewal and continuity of coverage.

**LD 1954 An Act to Continue Health Care Reform in Maine and Prepare
for Federal Reforms**

INDEF PP

SPONSOR(S)

CARLETON

COMMITTEE REPORT

ONTP

MAJ

OTP-AM

MIN

AMENDMENTS ADOPTED

SUMMARY

Part A of this bill establishes the Maine Health Resource Management Council. The council shall undertake a wide range study of all aspects of the health system in the State with a goal of preparing the State for health care reforms, including reforms being proposed at the federal level. The council exists from May 1, 1994 to February 6, 1996.

Part B of the bill accomplishes the following:

1. Limits to \$500 penalties for failure to comply with the notification provision of a utilization review program;
2. Applies the same requirements concerning guaranteed issue and community rating that currently apply to small employer health insurance and individual health insurance to group coverage that is not related to employment, such as certain association groups;