

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
117TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

JUNE 1996

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*Sen. Mary E. Small*

*Sen. Dale McCormick*

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**ONE HUNDRED SEVENTEENTH LEGISLATURE  
SECOND REGULAR SESSION**

***Summary Of Legislation Before The Joint Standing Committees  
June 1996***

We are pleased to provide this summary of bills that were considered by the 15 Joint Standing Committees of the Maine Legislature staffed by this office. The document is a compilation of bill summaries which describe each bill, committee amendments and other relevant amendments, as well as the final action taken on the bill. Also included are statistical summaries of bill activity this Session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills handled by the joint standing committees. It is organized alphabetically by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills.

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

<i>CARRIED OVER</i> .....	<i>Bill carried over to Second Session</i>
<i>CON RES XXX</i> .....	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i> .....	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN BODIES</i> .....	<i>House &amp; Senate disagree; bill died</i>
<i>DIED ON ADJOURNMENT</i> .....	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i> .....	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT</i> .....	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT</i> .....	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i> .....	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>INDEF PP</i> .....	<i>Bill Indefinitely Postponed</i>
<i>ONTP</i> .....	<i>Ought Not To Pass report accepted</i>
<i>P&amp;S XXX</i> .....	<i>Chapter # of enacted Private &amp; Special Law</i>
<i>PUBLIC XXX</i> .....	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i> .....	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i> .....	<i>Not signed by Governor within 10 days</i>
<i>VETO SUSTAINED</i> .....	<i>Legislature failed to override Governor's Veto</i>

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is July 4, 1996.

**LD 1755      An Act Pertaining to Employee Benefit Plans of Employee Leasing Companies**

ONTP

Sponsor(s)  
MILLS

Committee Report  
ONTP

Amendments Adopted

Current law allows employee leasing companies to provide health and other employee welfare plan benefits to employees leased on a totally unregulated, self-funded basis. LD 1755 proposed to allow employee leasing companies to purchase group life, health and legal service insurance with respect to leased employees. The bill would have subjected self-funded arrangements to the licensing, fiduciary, funding, disclosure and other requirements of state law relating to multiple-employer welfare arrangements.

See related bill LD 1761 referred to the Joint Standing Committee on Labor.

**LD 1757      An Act to Clarify and Amend Provisions of the Workers' Compensation Act Relating to Workers' Compensation Self-insurance**

PUBLIC 594

Sponsor(s)  
MILLS

Committee Report  
OTP-AM

Amendments Adopted  
S-468

LD 1757 proposed to amend the law relative to workers' compensation self-insurers by establishing a procedure to allow authorized self-insurers that experience a change in ownership or business form to file an application for continuing self-insurance authority without filing a new application and without filing a termination plan. The fee for this application is \$500. The fee for a new application is \$1,000. This bill also proposed to allow the Superintendent of Insurance to waive the requirement for a triennial actuarial review and corrects errors and inconsistencies.

This bill further proposed to clarify provisions relative to membership in the Maine Self-Insurance Guarantee Association and payment of assessments. It amends the law to make it clear that a self-insured employer remains liable for Maine Self-Insurance Guarantee Fund assessments even if the entity experiences a change in business ownership or form. It also provides clarity to the law regarding the authority of the Maine Self-Insurance Guarantee Association to levy annual assessments in the event it is necessary to carry out the purpose of the association.

**Committee Amendment "A" (S-468)** proposed to do the following:

1. Clarify that the reportable events provision applies to individual self-insurers only; makes the sale of a portion of a business a reportable event if 20% or more of the business is sold;
2. Clarify that the Superintendent of Insurance will prescribe through rulemaking any other events affecting the ownership of the business that must be reported;
3. Clarify some confusing language in the original bill regarding the time for filings;
4. Add a provision that allows the superintendent to request additional information from an applicant for continuing self-insurance authority during the pendency of an application;

5. Limit the superintendent's authority to waive a triennial actuarial review to those instances when the number of outstanding claims is not of sufficient volume to permit a credible actuarial analysis;
6. Explain the provisions related to the option for continuing self-insurance authority and assumption of liabilities.

The amendment also proposed to provide a mechanism for successor employers to apply for a refund or a partial refund of a new member assessment paid to the Maine Self-Insurance Guarantee Association. If such refunds would cause the guarantee fund to be reduced below its required level of \$2,000,000, the guarantee association must establish an equitable schedule for payment of the refund to ensure that the fund never goes below \$2,000,000.

The amendment proposed to add a fiscal note to the bill.

***Enacted law summary***

Public Law 1995, chapter 594 establishes a regulatory procedure to allow authorized self-insurers that experience a change in ownership or business form to file an application for continuing self-insurance authority without filing an application as a new self-insuring entity and without filing a termination plan.

The law also clarifies the statutory provisions relating to membership in the Maine Self-Insurance Guarantee Association and payment of assessments for self-insured members that experience a change in business ownership or form. It makes it clear that a self-insured employer remains liable for Maine Self-Insurance Guarantee Fund assessments even if the entity experiences a change in business ownership or form. It also provides clarity to the law regarding the authority of the Maine Self-Insurance Guarantee Association to levy annual assessments in the event it is necessary to carry out the purpose of the association

Public Law chapter 594 also provides a mechanism for successor self-insured employers that continued to self-insure after a change in business ownership or form to apply for a refund or a partial refund of a new member assessment paid to the Maine Self-Insurance Guarantee Association. If such refunds would cause the guarantee fund to be reduced below its required level of \$2,000,000, the guarantee association must establish an equitable schedule for payment of the refund to ensure that the fund never goes below \$2,000,000.

**LD 1762      An Act to Further Streamline Licensing Procedures at the Bureau of Insurance**

**PUBLIC 570  
EMERGENCY**

Sponsor(s)  
KIEFFER

Committee Report  
OTP-AM

Amendments Adopted  
S-459

LD 1762 proposed to establish a mechanism to allow an agent's license to remain in an inactive status for a period of 2 years and provides for reinstatement of an inactive license without requiring the agent to take an examination. It increases the time for filing of annual statements from 24 months to 36 months. This bill also proposed to remove the time limit for suspension of an insurer's certificate of authority and establishes a statutory mechanism for reinstatement of the authorization. In addition, this bill proposed to revise the law to extend the time for the Superintendent of Insurance to file a report of the savings in professional liability insurance claims and claims settlement costs to insurers.