

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

MEMBERS:

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Sen. Mary E. Small

Sen. Dale McCormick

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Rep. Lisa Lumbr

Rep. Arthur F. Mayo III

Staff:

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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 & 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&S XXX</i>	<i>Chapter # of enacted Private & 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.

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.

Public Law 1995, chapter 332, Part J made certain association group health insurance policies subject to the same standards as individual health insurance. In so doing, the law inadvertently restricted the ability to write such groups to carriers in the individual health market. In many cases, association groups are insured by group carriers. The law also failed to provide for these groups to be rated separately from other individual plans. Group plans are generally sold at lower rates. The bill proposed to provide an exemption allowing carriers to write association groups without offering individual coverage outside the association. Those who do offer individual coverage outside the association will be permitted to rate the association business separately as long as they meet a 75% loss ratio, a standard used elsewhere for group policies.

Committee Amendment "A" (S-459) proposed to add the prohibition on an association from marketing association membership through insurance agents or brokers to the list of criteria under which insurance contracts issued to association groups may be exempted by the Superintendent of Insurance from the requirements of the Maine Revised Statutes, Title 24-A, section 2736-C. The amendment also proposed to make changes to Title 24-A, chapter 67 relating to Medicare supplement policies to bring the State's laws into compliance with recent amendments to the Federal Social Security Act.

The amendment also proposed to add an emergency preamble, an emergency clause and a fiscal note to the bill.

Enacted law summary

Public Law 1995, chapter 570 establishes 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. It also removes the time limit for suspension of an insurer's certificate of authority and establishes a statutory mechanism for reinstatement of the authorization. In addition, the law extends 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.

Public Law 1995, chapter 332, Part J made certain association group health insurance policies subject to the same standards as individual health insurance. In so doing, the law inadvertently restricted the ability to write such groups to carriers in the individual health market. In many cases, association groups are insured by group carriers. The law also failed to provide for these groups to be rated separately from other individual plans. Group plans are generally sold at lower rates. Public Law chapter 570 provides an exemption allowing carriers to write association groups without offering individual coverage outside the association as long as certain criteria are met. Those who do offer individual coverage outside the association will be permitted to rate the association business separately as long as they meet a 75% loss ratio, a standard used elsewhere for group policies. An association is prohibited from marketing association membership through insurance agents or brokers.

Public Law 1995, chapter 570 also makes changes to Title 24-A, chapter 67 relating to Medicare supplement policies to bring the State's laws into compliance with recent amendments to the Federal Social Security Act.