

MAINE STATE LEGISLATURE

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**STATE OF MAINE
119TH LEGISLATURE**

FIRST REGULAR SESSION

**BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE**

JULY 1999

MEMBERS:

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Sen. Neria R. Douglass.

Sen. I. Joel Abromson

Rep. Jane W. Saxl, Chair

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Rep. Robert W. Nutting

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ONE HUNDRED NINETEENTH LEGISLATURE
FIRST REGULAR SESSION

Summary Of Legislation Before The Joint Standing and Select Committees
August 1999

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

The document is organized for convenient reference to information on bills considered by the committees. It is organized 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. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla).

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:

CARRIED OVER.....Bill carried over to Second Regular Session
CON RES XXX..... Chapter # of Constitutional Resolution passed by both Houses
CONF CMTE UNABLE TO AGREE.....Committee of Conference unable to agree; bill died
DIED BETWEEN BODIES.....House & Senate disagree; bill died
DIED IN CONCURRENCE..... One body accepts ONTP report; the other indefinitely postpones the bill
DIED ON ADJOURNMENT.....Action incomplete when session ended; bill died
EMERGENCY..... Enacted law takes effect sooner than 90 days
ENACTMENT FAILED..... Bill failed to get vote required for enactment or final passage
NOT PROPERLY BEFORE THE BODY..... Ruled out of order by the presiding officers; bill died
INDEF PP.....Bill Indefinitely Postponed
ONTP..... Ought Not To Pass report accepted
OTP ND..... Committee report Ought To Pass In New Draft
OTP ND/NT..... Committee report Ought To Pass In New Draft/New Title
P&S XXX..... Chapter # of enacted Private & Special Law
PUBLIC XXX..... Chapter # of enacted Public Law
RESOLVE XXX..... Chapter # of finally passed Resolve
UNSIGNED.....Bill held by Governor
VETO SUSTAINED.....Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the First Regular Session (unless otherwise specified in a particular law) is September 18, 1999.

LD 97

An Act to Require Mortgage Holders Who Escrow Property Taxes to Reduce the Escrow Due to the Homestead Exemption

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON CAREY	ONTP	

LD 97 proposed to require a mortgagee holding an escrow account for payment of real estate taxes on owner-occupied residential property to calculate the amount collected for that purpose taking into account the homestead property tax exemption.

LD 108

An Act to Protect Enrollees of Managed Care Plans

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BROOKS PINGREE	ONTP	

LD 108 proposed to establish a duty and standard of ordinary care that must be provided by an insurance company, health maintenance organization, preferred provider organization or nonprofit hospital or medical service organization under a managed health care plan. It also proposed to authorize a person enrolled in a managed health care plan to bring a legal action for damages against a carrier if the person is harmed by a carrier's failure to exercise ordinary care.

See related bills LD 631, LD 750, LD 1619 and LD 1890.

LD 116

An Act to Protect Consumers in Real Estate Mortgage Transactions

PUBLIC 145

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN SAXL J	OTP-AM	H-235 SAXL J S-59

LD 116 proposed to require that mortgage lenders provide closing funds to settlement agents prior to or at the time of closing, to prevent further situations in which consumers in the State close on loans and then do not receive the funds.

This bill was submitted on behalf of the Department of Professional and Financial Regulation

Committee Amendment "A" (S-59) proposed to require that mortgage lenders provide closing funds to settlement agents prior to or at the time of closing. The amendment proposed to clarify that in the case of a refinancing or other loan where a right of rescission applies the lender must provide the funds to the settlement agent prior to noon of the first business day after the expiration of the rescission period. The amendment also proposed to clarify the remedies available to consumers in civil actions, add a limitation of recovery to actual damages if a lender or settlement agent demonstrates the violation was a bona fide error and require that civil actions be brought within two years after a violation occurred.

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

House Amendment "A" (H-235) proposed to correct a clerical error.

Enacted law summary

Public Law 1999, chapter 145 requires that mortgage lenders provide closing funds to settlement agents prior to or at the time of closing. It requires that in refinancing or other loans where a right of rescission applies the lender must provide the funds to the settlement agent prior to noon of the first business day after the expiration of the rescission period. It gives consumers the right to recover damages in a civil action against a lender or settlement agent if the civil action is brought within two years after a violation occurs. If a lender or settlement agent demonstrates the violation of the statutory requirements is a bona fide error, then the consumer's recovery is limited to actual damages.

LD 117

An Act to Amend Maine's Insurance Laws Regarding Gifts and Rebates

PUBLIC 8

<u>Sponsor(s)</u> LAFOUNTAIN SAXL J		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 117 proposed to amend the insurance rebating law by capping the prize that may be offered in a raffle at a value of \$100. The bill also proposed to clarify that prizes and gifts may not be in the form of cash.

Enacted law summary

Public law 1999, chapter 8 amends the insurance rebating law by capping the prize that may be offered in a raffle at a value of \$100. It also provides that prizes and gifts may not be in the form of cash.

LD 119

An Act to Make Maine Medicare Supplement Insurance Laws Consistent with Federal Laws

**PUBLIC 36
EMERGENCY**

<u>Sponsor(s)</u> LAFOUNTAIN SAXL J		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-15
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LD 119 proposed to amend the laws governing Medicare supplement insurance policies in order to conform to requirements in federal law. It proposed to make the continuity of coverage chapter of the insurance code inapplicable to Medicare supplement policies and enact an analogous continuity of coverage section in the Medicare supplement chapter. It proposed to repeal the law allowing a person who switches from a Medicare supplement to a Medicare managed care program to switch back within a 12-month period. It proposed an effective date of April 28, 1999.

This bill was submitted on behalf of the Department of Professional and Financial Regulation.

Committee Amendment "A" (S-15) proposed to require the Superintendent of Insurance to adopt rules concerning guaranteed issuance and continuity of coverage under Medicare supplement insurance policies.

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

Enacted law summary

Public Law 1999, chapter 36 makes the continuity of coverage chapter of the insurance code inapplicable to Medicare supplement policies and enacts an analogous continuity of cover section in the Medicare supplement chapter in order to conform to requirements in federal law. It repeals the law allowing a person who switches from a Medicare supplement