

# 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:**

*Sen. Lloyd P. LaFountain III, Chair*

*Sen. Neria R. Douglass.*

*Sen. I. Joel Abromson*

*Rep. Jane W. Saxl, Chair*

*Rep. Christopher P. O'Neil*

*Rep. Joseph C. Perry*

*Rep. Benjamin F. Dudley*

*Rep. John G. Richardson, Jr.*

*Rep. Nancy B. Sullivan.*

*Rep. Arthur F. Mayo III*

*Rep. Sumner A. Jones, Jr.*

*Rep. Kevin J. Glynn*

*Rep. Robert W. Nutting*

**Staff:**

*Colleen McCarthy Reid, Legislative Analyst*

*Office of Policy and Legal Analysis*

*Room 101/107/135, 13 State House Station*

*Augusta, ME 04333*

*(207)287-1670*



**Maine State Legislature**  
**OFFICE OF POLICY AND LEGAL ANALYSIS**

13 State House Station, Augusta, Maine 04333-0013  
Telephone: (207) 287-1670  
Fax: (207) 287-1275

**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](http://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.

<u>Sponsor(s)</u> ABROMSON BRUNO	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-197
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LD 376 proposed to require that insurers disclose to policyholders on all applications and outlines of long-term care coverage and on the face of long-term care insurance policies and certificates if the policy is certified by the Superintendent of Insurance and that premiums paid for the policy are deductible for state income tax purposes.

**Committee Amendment "A" (S-197)** proposed to replace the bill and change the title. The amendment proposed to enact a new chapter of the Maine Insurance Code, the Maine Revised Statutes, chapter 68-A to govern individual and group long-term care insurance policies or certificates issued on or after January 1, 2000. The amendment is based on a model law of the National Association of Insurance Commissioners. The amendment proposed that long-term care insurance policies or certificates issued before January 1, 2000 will continue to be governed by the provisions of chapter 68 of the Maine Insurance Code.

The amendment proposed to require that certain disclosures relating to long-term care insurance be made to applicants, policyholders and certificate holders, including a specific disclosure as to whether the policy or certificate is intended to be qualified for purposes of federal and state individual income taxes. It proposed provisions regulating the coverage of preexisting conditions under long-term care insurance policies and certificates and prescribing standards for policy provisions relating to prior hospitalization or institutionalization.

The amendment also proposed a provision governing nonforfeiture of benefits and the incontestability of long-term care insurance policies and certificates. Applicants for long-term care insurance would have also been given the right to return a long-term care insurance policy within 30 days and to receive a premium refund if the applicant is not satisfied with the policy for any reason.

The Superintendent of Insurance would have been required to adopt rules relating to premium adequacy, premium rates and minimum standards for marketing, insurance producer compensation and testing, penalties and reporting practices. The superintendent would also have been given authority to adopt any necessary rules to implement various provisions, including standards for disclosure and loss ratios. These rules would have been designated routine technical rules and would not be subject to legislative review before final adoption.

The amendment proposed to make insurers and insurance producers that violate any provision of chapter 68-A subject to a fine of up to the greater of three times the amount of the commission paid on each policy involved in the violation or \$10,000.

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

#### *Enacted law summary*

Public Law 1999, chapter 292 enacts a new chapter of the Maine Insurance Code, the Maine Revised Statutes, chapter 68-A to govern individual and group long-term care insurance policies or certificates issued on or after January 1, 2000. It requires that certain disclosures relating to long-term care insurance be made to applicants, policyholders and certificate holders, including a specific disclosure as to whether the policy or certificate is intended to be qualified for purposes of federal and state individual income taxes. It regulates the coverage of preexisting conditions under long-term care insurance policies and certificates and prescribes standards for policy provisions relating to prior hospitalization or institutionalization. Applicants for long-term care insurance have the right to return a long-term care

