

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals
(may include minor formatting differences from printed original)

STATE OF MAINE
119TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE

JULY 2000

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
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
SECOND REGULAR SESSION

Summary Of Legislation Before The Joint Standing Committees
July 2000

We are pleased to provide this summary of 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:

- 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
- FAILED EMERGENCY ENACTMENT/FINAL PASSAGE*..... Emergency bill failed to get 2/3 vote
- FAILED ENACTMENT/FINAL PASSAGE*..... Bill failed to get majority vote
- FAILED MANDATE ENACTMENT*..... Bill imposing local mandate failed to get 2/3 vote
- 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 Second Regular Session (unless otherwise specified in a particular law) is August 11, 2000.

David E. Boulter, Director
 Offices Located in the State House, Rooms 101 & 107

LD 2424

An Act to Require Health Insurance Policies to Cover School-based Services

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FULLER MITCHELL B	ONTP	

LD 2424 proposed to require health insurance policies and contracts that cover children in school to cover services performed by a physician, nurse practitioner or physician assistant who is employed or contracted to provide those services by an elementary or secondary school. The bill also proposed to require the Department of Human Services to adopt rules no later than October 1, 2000 to ensure coverage of those same services under Medicaid.

See related joint order, HP 1864.

LD 2520

An Act to Amend Investment-related Provisions of the Maine Insurance Code

PUBLIC 715

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN SULLIVAN	OTP-AM	S-663

LD 2520 proposed to rewrite certain provisions of the Maine Insurance Code dealing with investments of life and health insurers, including investments in affiliates, foreign investments, encumbrance of securities and limits on both mortgage loans and the use of derivative investments. It would replace portions of current Maine law with provisions drawn from the Investment of Insurers Model Act developed by the National Association of Insurance Commissioners, or "NAIC," and adopted in a number of other states. LD 2520 proposed to do the following:

1. It adds a number of definitions to Maine's investment law to implement the provisions of this bill and repeals the definition of "bona fide hedging transaction."
2. It addresses hedging and other uses of derivative investment instruments, consistent with the model investment law and more recent regulatory developments in other states. It places new limits on the use of derivatives by life and health insurers, while at the same time updating Maine law to recognize the evolution in this area.
3. It amends the diversification requirements of Maine's investment law to specifically apply to derivative transactions, counter-party exposure amounts, securities lending transactions, reverse repurchase transactions, repurchase transactions and dollar roll transactions.
4. It imposes limits on mortgage lending by life and health insurers not now imposed in Maine law. The limits are similar to those contained in the NAIC model investment law.
5. It expands the limitations on foreign investments to match those in the model investment law, allowing Maine life and health insurers greater access to maturing global capital markets.

6. It amends the Maine Revised Statutes, Title 24-A, section 1160, subsection 3 to address a conflict between Maine's investment law and its insurance holding company law with respect to transactions with affiliates. It is consistent with the model law. The result of amending this section is to allow Title 24-A, section 222, subsection 9, paragraph E, subparagraph (1), division (b) to be the exclusive source of regulation on this issue, eliminating confusion caused by the current overlap and inconsistency of the 2 provisions.
7. It addresses ambiguities as to the applicability to securities lending, repurchase, and reverse repurchase transactions of the limits on the percentage of an insurer's assets that may be pledged to secure borrowings by the insurer. The bill also increases the limits to be consistent with the model investment law.

Committee Amendment "A" (S-663) proposed to clarify that the additional definitions and changes to definitions included in the bill apply to life and health insurers. Under the amendment, the definitions in current law as they apply to property and casualty insurers are retained. The amendment proposed to authorize life and health insurers and property and casualty insurers to invest in depository institution subsidiaries to the extent allowed under federal law.

The amendment also proposed to amend the provision governing insurance company transactions with affiliates to address a conflict with the insurance holding company law and makes the holding company law the exclusive source of regulation of transactions with affiliates.

The amendment proposed to address ambiguities concerning how the limits on the percentage of an insurer's assets that may be pledged to secure borrowings by the insurer apply to securities lending and repurchase and reverse repurchase transactions.

Finally, the amendment proposed to make technical changes and other clarifications to the bill.

Enacted law summary

Public Law 1999, chapter 715 rewrites certain provisions of the Maine Insurance Code relating to permissible investments of life and health insurers, including investments in affiliates, foreign investments, encumbrance of securities and limits on both mortgage loans and the use of derivative investments. The new provisions are based on the Investment of Insurers Model Act developed by the National Association of Insurance Commissioners. The law clarifies that the changes to definitions and additional definitions apply only to life and health insurers. The definitions in current law are retained without changes as they apply to property and casualty insurers.

The law authorizes life and health insurers and property and casualty insurers to invest in depository institution subsidiaries to the extent allowed under federal law.

Public Law 1999, chapter 715 also amends the provision governing insurance company transactions with affiliates to address a conflict with the insurance company holding law. The law makes the holding company law the exclusive source of regulation of transactions with affiliates.