

# MAINE STATE LEGISLATURE

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*State Of Maine  
120th Legislature*

*First Regular Session*

*Bill Summaries*

*Joint Standing Committee  
on  
Banking and Insurance*

*August 2001*

**Members:**

*Sen. Lloyd P. LaFountain III, Chair  
Sen. I. Joel Abromson  
Sen. Neria R. Douglass*

*Rep. Christopher P. O'Neil, Chair  
Rep. Benjamin F. Dudley  
Rep. Nancy B. Sullivan  
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Rep. Florence T. Young  
Rep. John M. Michael*

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**Maine State Legislature**  
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**120th Legislature**  
**First Regular Session**

**Summary Of Legislation Before The Joint Standing Committees**  
**August 2001**

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing 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 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*  
*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 First Regular Session (unless otherwise specified in a particular law) is **September 21, 2001**.

*David E. Boulter, Director*  
 Offices Located in the State House, Rooms 101/107/135

## Joint Standing Committee on Banking and Insurance

The law becomes effective January 1, 2002.

**LD 431**

**An Act to Amend the Credit for Reinsurance Provisions of the  
Maine Insurance Code**

**PUBLIC 47**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-44

LD 431 proposed to amend the State's credit for reinsurance statutes to adopt provisions from the 1996 National Association of Insurance Commissioners Credit for Reinsurance Model Act, related to oversight and regulation of ceding insurers and reinsurers. The proposed legislation also incorporated technical clean-up provisions to the credit for reinsurance and rehabilitation and liquidation laws to eliminate confusing and ambiguous language and clarify a reinsurer's responsibility in the event of an insurance company insolvency.

**Committee Amendment "A" (H-44)** proposed to make changes to the State's credit for reinsurance statutes to adopt provisions from the 1996 National Association of Insurance Commissioner's Credit for Reinsurance Model Act. The amendment also proposed to incorporate technical clean-up provisions to the credit for reinsurance laws to eliminate confusing and ambiguous language and clarify a reinsurer's responsibility in the event of an insurance company insolvency. The amendment also added a fiscal note to the bill.

### *Enacted law summary*

Public Law 2001, chapter 47 amends the State's credit for reinsurance statutes to adopt provisions from the 1996 National Association of Insurance Commissioners Credit for Reinsurance Model Act related to oversight and regulation of ceding insurers and reinsurers. The law also incorporates technical clean-up provisions to the credit for reinsurance and rehabilitation and liquidation laws to eliminate confusing and ambiguous language and clarify a reinsurer's responsibility in the event of an insurance company insolvency.

**LD 439**

**An Act to Create Catastrophic Health Insurance for Small  
Businesses in Maine**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MACDOUGALL	ONTP MAJ	
LEMONT	OTP-AM MIN	

LD 439 proposed to allow carriers in the small group market to offer a catastrophic health plan defined by the Superintendent of Insurance. For purposes of the bill, a catastrophic health plan is a plan that provides benefits for medical emergencies, serious illness and hospitalization only and that is exempt from the requirements for mandated coverage. The bill would prohibit a catastrophic health plan from providing coverage for preventive care or annual exams and require a deductible to be imposed of \$1500 or higher. The bill also would have required that the premium rate charged by the carrier for a catastrophic plan may not exceed 80% of the premium rate charged by that carrier for the basic plan required by the Department of Professional and Financial Regulation, Bureau of Insurance, Rule Chapter 750.