

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

Rep. Marilyn E. Canavan

Rep. Lisa T. Marrache

Rep. William J. Smith

Rep. Arthur F. Mayo III

Rep. Kevin J. Glynn

Rep. Florence T. Young

Rep. John M. Michael

Staff:

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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).

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

LD 915

An Act to Amend the Maine Insurance Guaranty Association Act CARRIED OVER

Sponsor(s)

Committee Report

Amendments Adopted

LD 915 proposed to make the following changes to the Maine Insurance Guaranty Association Act.

1. It exempts additional types of insurance from being subject to the Act.
2. It excludes first-party claims by an insured whose net worth exceeds \$10,000,000.
3. It amends the definition of "insolvent insurer" to clarify that it applies to that group of insurers defined as "member insurers," and amends the definition to mean a member insurer against whom a final order of liquidation has been entered.
4. It enacts a definition of "person" to mean any individual or legal entity, including a governmental entity.
5. It sets a \$10,000 cap on a claim for the return of an unearned premium.
6. It provides that claims resulting from an insolvency must be filed no later than 18 months after the insolvency.
7. It provides that the Maine Insurance Guaranty Association may intervene as a party in a case involving an insolvent insurer.
8. It provides a premium tax offset for an insurer that pays an assessment pursuant to the Act.

Committee Amendment "A" (S-268) proposed to make the following changes to the bill.

1. It excludes from the definition of covered claims any first party claims of an insured whose net worth exceeds \$25,000,000.
2. It changes the cap on unearned premium to \$25,000.
3. It establishes a bar date for filing covered claims of the earlier of 24 months after the order of liquidation or the final date set by a court and allows the association to accept the late filed claims as covered claims for good cause.
4. It requires that notification of an insolvency to insureds and other interested parties by the association include prominent notice of the date by which a claim must be filed with the association.
5. It clarifies that the premium offset applies to deficiency assessments under Maine Revised Statutes, Title 24-A, Section 4440-A.
6. It clarifies the applicability provision.
7. The amendment also added a fiscal note to the bill.

Joint Standing Committee on Banking and Insurance

Committee Amendment "A" was adopted in the House, but, because the bill had a fiscal impact, LD 915 was placed on the Special Appropriations Table in the Senate pending enactment. At the end of the session, LD 915 was recommitted to the Joint Standing Committee on Appropriations and Financial Affairs and has been carried over to Second Regular Session.

LD 968

An Act to Define and Ensure Coverage of Basic Health Services by Health Maintenance Organizations

**PUBLIC 218
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM A OTP B ONTP C	H-200

LD 968 proposed to remove language directing the Superintendent of Insurance to consider certain specified factors in the adoption of rules defining "basic health care services." The bill also proposed to designate that such rules are major substantive rules subject to legislative review before final adoption.

Committee Amendment "A" (H-200) was the majority report of the committee and replaced the bill. The amendment proposed to specify that future rules adopted by the Bureau of Insurance to define "basic health care services" provided by health maintenance organizations are major substantive rules and subject to legislative review before final adoption.

The amendment also added an emergency preamble and emergency clause to the bill.

Enacted law summary

Public Law 2001, chapter 218 specifies that future rules adopted by the Bureau of Insurance to define "basic health care services" provided by health maintenance organizations are major substantive rules and subject to legislative review before final adoption.

Public Law 2001, chapter 218 was enacted as an emergency measure effective May 18, 2001.

LD 984

An Act to Protect Nongroup and Small Group Insureds

PUBLIC 432

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-617 H-688 O'NEIL

LD 984 proposed to amend the laws governing nongroup and small group insureds as follows.

1. It requires that insurers provide written notice of rate filing.