

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
120th Legislature*

Second Regular Session

Bill Summaries

*Joint Standing Committee
on
Banking and Insurance*

May 2002

Members:

*Sen. Lloyd P. LaFountain III, Chair
Sen. Mary E. Small
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:

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

120th Legislature
Second Regular Session

Summary Of Legislation Before The Joint Standing Committees
May 2002

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 arranged alphabetically by committee name 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:

<i>CON RES XXX</i>	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i>	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN BODIES</i>	<i>House & Senate disagree; bill died</i>
<i>DIED IN CONCURRENCE</i>	<i>One body accepts ONTP report; the other indefinitely postpones the bill</i>
<i>DIED ON ADJOURNMENT</i>	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i>	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT/FINAL PASSAGE</i>	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</i>	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i>	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>NOT PROPERLY BEFORE THE BODY</i>	<i>Ruled out of order by the presiding officers; bill died</i>
<i>INDEF PP</i>	<i>Bill Indefinitely Postponed</i>
<i>ONTP</i>	<i>Ought Not To Pass report accepted</i>
<i>OTP ND</i>	<i>Committee report Ought To Pass In New Draft</i>
<i>OTP ND/NT</i>	<i>Committee report Ought To Pass In New Draft/New Title</i>
<i>P&S XXX</i>	<i>Chapter # of enacted Private & Special Law</i>
<i>PASSED</i>	<i>Joint Order passed in both bodies</i>
<i>PUBLIC XXX</i>	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i>	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i>	<i>Bill held by Governor</i>
<i>VETO SUSTAINED</i>	<i>Legislature failed to override Governor's Veto</i>

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is July 25, 2002.

Patrick T. Norton, Interim Director
Offices located in Room 215 of the Cross Office Building

Joint Standing Committee on Banking and Insurance

Enacted law summary

Under current law, health insurers and health maintenance organizations must pay undisputed claims for covered benefits within 30 days. Public Law 2001, chapter 569 defines the term "undisputed claim" as a claim for payment of covered health care expenses that is submitted on the insurer's standard claim form using the most current published procedural codes with all the required fields completed with correct and complete information. The law also clarifies that the definition applies only to claims made for covered benefits under health insurance policies.

LD 915

An Act to Amend the Maine Insurance Guaranty Association Act

PUBLIC 478

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ABROMSOM MAYO	OTP-AM	

LD 915 was originally referred to the Joint Standing Committee on Banking and Insurance, but was recommitted to the Joint Standing Committee on Appropriations and Financial Affairs and carried over from the First Regular Session. 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 when 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 cap of \$10,000 on a claim for the return of 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 parity 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 "B" (S-402) 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.

Joint Standing Committee on Banking and Insurance

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 by a court or the final date set by a court and allows the Maine Insurance Guaranty Association to accept a late filed claim as a covered claim for good cause.
4. It requires that notification of an insolvency to insureds and other interested parties by the Maine Insurance Guaranty Association include prominent notice of the date by which a claim must be filed with the association.
5. It eliminates the premium tax offset provision.
6. It clarifies the applicability provision.

Enacted law summary

Public Law 2001, chapter 478 amends the Maine Insurance Guaranty Association Act. In the event of an insolvency of a property and casualty insurer licensed to transact insurance business in the State, the Maine Insurance Guaranty Association pays valid claims of policyholders and certain other claimants and refunds unearned premium as provided by law.

Public Law 2001, chapter 478 exempts certain types of insurance from being subject to the Act, including life, health, disability or annuity insurance; insurance of warranties and service contracts; insurance protecting the interest of a creditor arising out of a creditor-debtor transaction; insurance offering protection against investment risks; and insurance provided or guaranteed by a governmental entity.

Public Law 2001, chapter 478 amends the definition of an insolvent insurer to clarify that it means a member insurer against whom a final order of liquidation has been entered. It excludes from the definition of “covered claims” any first-party claims of an insured whose net worth exceeds \$25,000,000. The law raises the cap on unearned premium that may be refunded to policyholders to \$25,000.

Public Law 2001, chapter 478 provides that the association may intervene as a party in a case involving an insolvent insurer. The law establishes a bar date for filing covered claims as the earlier of 24 months after the order of liquidation or the final date set by a court and allows the association to accept late-filed claims as covered claims for good cause. The law also 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.

Public Law 2001, chapter 478 applies to the obligations of the Maine Insurance Guaranty Association as those obligations exist on the law's effective date, July 25, 2002, except that the first-party exclusion contained in Title 24-A, Maine Revised Statutes, section 4435, subsection 4; the unearned premium cap and the bar date contained in Title 24-A, Maine Revised Statutes, section 4438, subsection 1; and the right of intervention contained in Title 24-A, Maine Revised Statutes, section 4438, subsection 2, paragraph C apply only to new insolvencies occurring on or after July 25, 2002.