

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
123<sup>RD</sup> LEGISLATURE  
FIRST REGULAR SESSION



Summaries of bills and adopted amendments and laws enacted or finally passed during the First Regular Session of the 123<sup>rd</sup> Maine Legislature coming from the

**JOINT STANDING COMMITTEE ON INSURANCE AND  
FINANCIAL SERVICES**

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# STATE OF MAINE

123<sup>RD</sup> LEGISLATURE

FIRST REGULAR SESSION

## LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS



This *Legislative Digest of Bill Summaries and Enacted Laws* summarizes all bills and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 123<sup>rd</sup> Maine Legislature, which was in session from December 6, 2006 to June 21, 2007.

The *Digest* is arranged alphabetically by committee, and within each committee by LD number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. The appendices include a summary of relevant session statistics, an index of all bills by LD number and an index of enacted laws by law type and chapter number.

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 (or Accepted ONTP report).....	Ought Not To Pass report accepted
OTP-ND.....	Committee report Ought To Pass In New Draft
P&S XXX.....	Chapter # of enacted Private & Special Law
PASSED.....	Joint Order passed in both bodies
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 that the effective date for non-emergency legislation enacted in the First Regular Session is **September 20, 2007**. The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills.

## *Joint Standing Committee on Insurance and Financial Services*

standards for mandated health plan offerings to reflect current market conditions and requires that the bureau review the rule and adopt changes to reflect market conditions at least once every 3 years.

3. It requires carriers that offer individual health plans to offer individual health plans utilizing preferred provider arrangements.
4. It changes the standard of review of benefit changes in individual health plans to be consistent with the standard of review for group health plans.
5. It repeals the requirement that all health plans meet certain access standards.

**LD 1753      *An Act Regarding Health Insurance Coverage for Persons under the Influence of Alcohol or Narcotics***

**PUBLIC 216**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP	S-113      SULLIVAN

LD 1753 repeals the provision in the Maine Insurance Code that allowed health insurers to insert a provision in a policy denying liability for loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic. This bill also corrects cross-references to the repealed provision.

**Senate Amendment "A" (S-113)**

This amendment replaces the bill. The amendment clarifies that a provision prohibiting an insurance policy from excluding coverage for losses sustained by a person under the influence of alcohol or narcotics only applies to health insurance policies.

**Enacted Law Summary**

Public Law 2007, chapter 216 prohibits insurers from inserting a provision in a health insurance policy denying liability for loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic.

**LD 1760      *An Act To Restore Competition to Maine's Health Insurance Market***

**CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PILON		

LD 1760 establishes a reinsurance high-risk pool for the individual health insurance market called the Maine Individual High-risk Reinsurance Pool, which is modeled on a similar reinsurance pool in the state of Idaho. The bill modifies the guaranteed issuance law to require all individual health insurance carriers to guarantee coverage under health plans approved by the Maine Individual High-risk Reinsurance Pool. The bill requires health maintenance organizations to pay an assessment of 2% of premiums to partially support the costs of the reinsurance pool. The remaining costs of the pool are funded through reinsurance premiums paid by participating carriers. The bill provides reimbursement to carriers for individuals insured through the high-risk reinsurance pool for 90% of claims between \$5,000 and \$25,000 and 100% of claims incurred over \$25,000.

The bill also expands the community rating bands in the individual health insurance market to allow a maximum rate differential from highest to lowest of 5 to 1 on the basis of age, occupation and industry or geographic area and a maximum rate differential from highest to lowest of 1.5 to 1 on the basis of health status or tobacco use.

## *Joint Standing Committee on Insurance and Financial Services*

LD 1760 was carried over by joint order, H.P. 1369, to the next special or regular session of the 123rd Legislature.

**LD 1829     An Act To Amend the Banking Laws Regarding the Establishment of  
Branches by Financial Institutions with Affiliates That Engage in  
Commercial Activity**

**PUBLIC 69**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 1829 was reported out of committee pursuant to joint order, S.P. 575. The bill adds "commercial activity" to the definitions included in the Maine banking laws and clarifies that out-of-state financial institutions and their affiliates, like Maine financial institutions and their affiliates, are prohibited from conducting any commercial activity at in-state branches and cannot establish a branch within 1.5 miles of the location of an affiliate where the affiliate engages in any commercial activity.

**Enacted Law Summary**

Public Law 2007, chapter 69 adds "commercial activity" to the definitions included in the Maine banking laws and clarifies that out-of-state financial institutions and their affiliates, like Maine financial institutions and their affiliates, are prohibited from conducting any commercial activity at in-state branches and cannot establish a branch within 1.5 miles of the location of an affiliate where the affiliate engages in any commercial activity.

**LD 1865     An Act To Amend the Long-term Care Insurance Law**

**PUBLIC 232**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP	

LD 1865 qualifies consumers who purchase certain long-term care insurance policies for asset-protection measures under the federal Deficit Reduction Act of 2005, Public Law 109-171. The bill conforms Maine law to recently adopted amendments to the National Association of Insurance Commissioners' long-term care insurance model act. The bill prohibits issuing policies or certificates in the field if a field producer's compensation is based on the number of policies or certificates sold. The bill also imposes training requirements on producers who sell, solicit or negotiate long-term care policies.

**Enacted Law Summary**

Public Law 2007, chapter 232 qualifies consumers who purchase certain long-term care insurance policies for asset-protection measures under the federal Deficit Reduction Act of 2005, Public Law 109-171. The law conforms Maine law to recently adopted amendments to the National Association of Insurance Commissioners' long-term care insurance model act. The law prohibits issuing policies or certificates in the field if a field producer's compensation is based on the number of policies or certificates sold. The law also imposes training requirements on producers who sell, solicit or negotiate long-term care policies.

**LD 1869     An Act To Protect Maine Homeowners from Predatory Lending**

**PUBLIC 273**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CUMMINGS DOW	OTP-AM	H-354