

MAINE STATE LEGISLATURE

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STATE OF MAINE
123RD LEGISLATURE
SECOND REGULAR AND FIRST SPECIAL SESSIONS



Summaries of bills, adopted amendments and laws enacted or finally passed
during the Second Regular or First Special Sessions of the 123rd Maine
Legislature coming from the

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

May 2008

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STATE OF MAINE
123RD LEGISLATURE
SECOND REGULAR & FIRST SPECIAL SESSIONS



**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 Second Regular or First Special Sessions of the 123rd Maine Legislature.

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:

<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; bill died</i>
<i>ONTP (or Accepted ONTP report)</i>	<i>Ought Not To Pass report accepted; bill died</i>
<i>P&S XXX</i>	<i>Chapter # of enacted Private & Special Law</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>

The effective date for non-emergency legislation enacted in the Second Regular Session (R2) is June 30, 2008. The effective date for non-emergency legislation enacted in the First Special Session (S1) is July 18, 2008.¹ The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills. Any bill summarized in this document having an LD number less than 1932 was a bill carried over from the First Regular Session of the 123rd Legislature.

¹ The session in which each law was enacted or finally passed (R2 or S1) is included in Appendix C.

Joint Standing Committee on Insurance and Financial Services

Enacted Law Summary

Public Law 2007, chapter 514 amends the law enacted last session that requires insurers that provide coverage to dependents to offer an extension of health coverage until the dependent is 25 years of age. Public Law 2007, chapter 514 clarifies that it is not necessary that the dependent be currently insured by that insurer for that insurer to be required to offer coverage until the dependent is 25 years of age. The law amends the definition of "dependent child" to eliminate the requirement that the child is not provided coverage under any other individual or group health insurance policy or health maintenance organization contract or under a federal or state government program.

Public Law 2007, chapter 514 also requires insurers to provide notice of the availability of extended coverage for dependents upon renewal or at least once annually. This notice requirement is repealed on January 1, 2012.

LD 2091 An Act To Protect Life Insurance Consumers

PUBLIC 543

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BRAUTIGAM	OTP-AM	H-774

LD 2091 amends the Viatical and Life Settlements Act. The bill expands the definition of a "viatical settlement contract" to more specifically exempt from the definition those premium finance transactions and other transactions that are not settlement contracts. The bill extends from 2 to 5 years the general waiting period for settlements and expands the specified exceptions under which policyholders could settle their policies and not be subject to the 5-year settlement waiting period. The bill also specifically requires disclosure to a viator that a viatical settlement broker exclusively represents the viator.

Committee Amendment "A" (H-774)

This amendment replaces the bill and makes the following changes to the Viatical and Life Settlements Act.

1. It repeals the definition of "settlement contract" and enacts a new definition of "settlement contract".
2. It designates entering into stranger-originated life insurance a fraudulent viatical or life settlement act and defines "stranger-originated life insurance".
3. It designates failing to disclose to the insurer when requested by the insurer that the prospective insured has undergone a life expectancy evaluation by a person other than the insurer a fraudulent viatical or life settlement act.
4. It extends the prohibition on settlement of a policy to any time prior to, or at the time of application for, the issuance of a policy.

The amendment also requires the Superintendent of Insurance to review other state and model laws relating to viatical and life settlements and make recommendations, including recommendations for legislation, by March 1, 2009 related to the solicitation of life insurance for the purpose of settling policies, the use of premium finance agreements in association with viatical and life settlements and the disclosures made to viators and owners of life insurance policies. The amendment gives the Joint Standing Committee on Insurance and Financial Services authority to submit legislation to the 124th Legislature based on the superintendent's recommendations.

Enacted Law Summary

Public Law 2007, chapter 543 makes changes to the Viatical and Life Settlements Act. The law repeals the definition of "settlement contract" and enacts a new definition of "settlement contract". The law designates entering into stranger-originated life insurance a fraudulent viatical or life settlement act and defines "stranger-originated life insurance". The law also designates as a fraudulent viatical or life settlement act the failure to disclose to the insurer

Joint Standing Committee on Insurance and Financial Services

upon request that the prospective insured has undergone a life expectancy evaluation by a person other than the insurer. And the law extends the prohibition on settlement of a policy to any time prior to, or at the time of application for, the issuance of a policy.

Public Law 2007, chapter 543 also requires the Superintendent of Insurance to review other state and model laws relating to viatical and life settlements and make recommendations, including recommendations for legislation, by March 1, 2009 related to the solicitation of life insurance for the purpose of settling policies, the use of premium finance agreements in association with viatical and life settlements and the disclosures made to viators and owners of life insurance policies.

LD 2092 An Act To Amend the Public Works Contractors' Surety Bond Law of 1971

PUBLIC 500

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HASKELL	OTP-AM MAJ ONTP MIN	H-696

LD 2092 amends the Public Works Contractors' Surety Bond Law of 1971 by increasing from \$100,000 to \$250,000 the threshold limit for a contract for the construction, alteration or repair of any public building or other public improvement or public work for which a person must provide a performance bond and a payment bond. The bill also allows, at the discretion of the State or other contracting authority, the person to provide an irrevocable letter of credit instead of either or both the performance bond and the payment bond.

Committee Amendment "A" (H-696)

This amendment is the majority report of the committee and replaces the bill. The amendment increases from \$100,000 to \$125,000 the threshold limit for a public works contract for which a contractor must provide a performance bond and a payment bond. The bill would have increased the threshold limit to \$250,000. The amendment adds language requiring that bonds include the name and contact information for the surety company that issued the bond. The amendment also requires that any action by any person to collect on a performance bond or payment bond be taken in the county where the construction, alteration or repair of the public building or other public improvement or public work is located.

As in the bill, the amendment allows, at the discretion of the contracting authority, a person to provide an irrevocable letter of credit instead of either or both the performance bond and payment bond. The amendment clarifies that the letter of credit must be issued by a federally insured financial institution and requires the financial institution or its parent company to meet certain financial standards to qualify.

Enacted Law Summary

Public Law 2007, chapter 500 amends the Public Works Contractors' Surety Bond Law of 1971 which requires that contractors post a performance bond and a payment bond for certain public works construction projects. The law increases from \$100,000 to \$125,000 the threshold limit for a public works contract for which a contractor must provide a performance bond and a payment bond. The law requires that performance and payment bonds include the name and contact information for the surety company that issued the bond. At the discretion of the contracting authority, the law permits a person to provide an irrevocable letter of credit instead of either or both the performance bond and payment bond.

Public Law 2007, chapter 500 also requires that any action by any person to collect on a performance bond or payment bond be taken in the county where the construction, alteration or repair of the public building or other public improvement or public work is located.