

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
123<sup>RD</sup> 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 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  
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 123<sup>rd</sup> 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 &amp; 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&amp;S XXX</i> .....                              | <i>Chapter # of enacted Private &amp; 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.<sup>1</sup> 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 123<sup>rd</sup> Legislature.

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<sup>1</sup> 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*

The law requires that a foreclosure purchaser must ensure that title is transferred back to the homeowner or that the foreclosure purchaser make a payment to the homeowner of at least 82% of the fair market value of the property within 150 days of when the homeowner is evicted or voluntarily gives back possession of the home. The law requires that foreclosure purchasers verify that a foreclosed homeowner has a reasonable ability to make the payments needed to take back title to the home. The law provides that there is a rebuttable presumption of a reasonable ability to pay if a homeowner's monthly payments for housing expenses and principal and interest payments do not exceed 60% of the owner's monthly gross income. The law requires that the foreclosed homeowner receive counseling on the advisability of the transaction.

The law also requires that the foreclosure purchaser provide a written contract and certain notices and disclosures to the homeowner. The law requires that foreclosed homeowners be provided with a copy of the foreclosure reconveyance contract at least 3 business days prior to execution and requires that a memorandum of the contract be filed with the registry of deeds in the county in which the property is located. The law gives a homeowner the right to cancel the transaction within 5 business days.

The law prohibits a foreclosure purchaser from making false, deceptive or misleading statements to homeowners; from using unfair or commercially unreasonable terms as part of foreclosure purchase transactions; and from using door-to-door solicitation.

The law gives regulatory authority to the Bureau of Consumer Credit Regulation except with regard to banks and credit unions which are regulated by the Bureau of Financial Institutions. The law imposes civil and criminal penalties for violations and also authorizes the Attorney General to bring an action under the Maine Unfair Trade Practices Act for violations. The law also gives a foreclosed homeowner the right to bring a private cause of action against a foreclosure purchaser for violations.

Public Law 2007, chapter 596 also requires that the Superintendent of Consumer Credit Protection, in consultation with the Superintendent of Financial Institutions, review the laws regulating foreclosure purchasers and make recommendations by March 1, 2009 to the Joint Standing Committee on Insurance and Financial Services as to whether changes are needed.

### **LD 2200** An Act To Ensure Full Payment of Annuity Death Benefits

**PUBLIC 544**

| <u>Sponsor(s)</u>  | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|--------------------|-------------------------|---------------------------|
| MCKANE<br>SULLIVAN | OTP-AM                  | H-772                     |

LD 2200 requires, for variable annuity contracts, that the death benefit be calculated the day the benefit request, including appropriate proof of death, is received and be paid within one business day of that date. Current law allows an insurer to calculate the benefit as of the date of death of the insured, but not pay the benefit until much later, a delay that could result in a loss of value to the annuity during the period the benefit is calculated and paid. The intent of this bill is to reduce the loss in value to the beneficiary of the variable annuity policy by reducing the time period between calculation and payment of the benefit.

#### **Committee Amendment "A" (H-772)**

This amendment replaces the bill. The amendment permits a variable annuity contract to include as an incidental benefit a provision for payment on death during the deferred period of an amount equal to the greater of the sum of the premiums or stipulated payments paid under the contract and the value of the contract at the time of death. The amendment prohibits the payment of any other amount to the beneficiary. The amendment also requires that the payment on death must be made in accordance with the prompt pay law. The provision applies to variable annuity contracts delivered or issued for delivery on or after January 1, 2009.

# *Joint Standing Committee on Insurance and Financial Services*

## Enacted Law Summary

Public Law 2007, chapter 544 permits a variable annuity contract to include as an incidental benefit a provision for payment on death during the deferred period of an amount equal to the greater of the sum of the premiums or stipulated payments paid under the contract and the value of the contract at the time of death. The law prohibits the payment of any other amount to the beneficiary. The law also requires that the payment on death must be made in accordance with the prompt pay law.

Public Law 2007, chapter 544 applies to variable annuity contracts delivered or issued for delivery on or after January 1, 2009.

**LD 2224    An Act To Require Legislators and Their Dependents To Be Enrolled in Dirigo Health** **ONTP**

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
|                   | ONTP                    |                           |

LD 2224 was introduced by the Joint Standing Committee on Insurance and Financial Services pursuant to its authority under Resolve 2007, chapter 112. The bill requires that Legislators and their dependents be enrolled in the same manner as an eligible business in the Dirigo Health Program. Under current law, Legislators may enroll in group health coverage through the state employee health plan.

**LD 2247    An Act To Continue Maine's Leadership in Covering the Uninsured** **PUBLIC 629**

| <u>Sponsor(s)</u>   | <u>Committee Report</u>        | <u>Amendments Adopted</u>                                     |
|---------------------|--------------------------------|---|
| PINGREE<br>SULLIVAN | OTP-AM A<br>ONTP B<br>OTP-AM C | H-1013 BRAUTIGAM<br>H-914<br>S-640 SULLIVAN<br>S-644 MITCHELL |

LD 2247 makes changes to the laws governing individual health insurance and to the laws regarding funding for the Dirigo Health Program.

Part A authorizes the Superintendent of Insurance to approve a pilot project to authorize health insurance carriers to offer individual health insurance products for young people under the age of 30.

Part B establishes a reinsurance association for the individual health insurance market, without placing individuals in a separate risk association or providing coverage under different health plans than those available in the individual market. Beginning July 1, 2009, insurance carriers offering individual health plans that have a medical loss ratio of at least 70% must be reimbursed for 50% of the aggregate claims paid between \$75,000 and \$250,000 for an individual's covered benefits on a state fiscal year basis. The Part also requires individual premium rates charged by a carrier during a rating period to not exceed 2.5 times the lowest individual rate charged by the carrier.

Part B also requires the Superintendent of Insurance to report yearly to the Legislature the impact of changes to the rating provisions in the Maine Revised Statutes, Title 24-A, section 2736-C and the establishment of the Maine Individual Reinsurance Association pursuant to Title 24-A, chapter 54, the total number of individuals enrolled in any health insurance product regulated by the Department of Professional and Financial Regulation, Bureau of Insurance and the numbers of previously uninsured individuals who have enrolled in any health insurance product regulated by the Bureau of Insurance.