

MAINE STATE LEGISLATURE

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STATE OF MAINE
124TH LEGISLATURE
FIRST REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed during the First Regular Session of the 124th Maine Legislature coming from the

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

July 2009

STAFF:

COLLEEN MCCARTHY REID
LEGISLATIVE ANALYST
OFFICE OF POLICY AND LEGAL ANALYSIS
13 STATE HOUSE STATION
AUGUSTA, ME 04333
(207) 287-1670

MEMBERS:

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STATE OF MAINE

124TH 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 124th 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:

CARRIED OVER.....	Carried over to a subsequent session of the Legislature
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; bill died
ONTP (or Accepted ONTP report).....	Ought Not To Pass report accepted; bill died
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

The effective date for non-emergency legislation enacted in the First Regular Session of the 124th Legislature is September 12, 2009. 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

Committee Amendment "A" was not adopted.

LD 825 An Act To Allow the Consecutive Purchase of 6-month Health Insurance Policies **ONTP**

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

This bill extends the length of time that an insurer may issue individual short-term health insurance as a replacement policy for an additional term of 6 months.

LD 859 An Act To Control Premium Costs in the Small Group Health Insurance Market **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TREAT BOWMAN	ONTP	

This bill requires a benefits-incurred-to-premiums-earned loss ratio of 78% for one year or 80% over a 3-year average in the small group insurance market.

A related provision to increase the minimum loss ratio in individual and small group health plans was included in LD 1205, An Act to Establish a Health Care Bill of Rights as originally drafted but was not included in LD 1205 as enacted. See LD 1205, which was enacted as Public Law 2009, chapter 439.

LD 896 An Act To Ensure Adequate Insurance Coverage for Family Child Care Providers **PUBLIC 185**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GOODE BOWMAN	OTP-AM MAJ ONTP MIN	H-214

This bill makes it clear that insurers issuing homeowner's insurance policies are not liable under those policies for losses or damages arising out of the services provided by certified family child care providers in an insured's home unless coverage is specifically provided under the policy or a rider providing business liability coverage is attached to the policy. The bill prohibits an insurer from refusing to issue, renew or cancel a policy if the insured can demonstrate satisfactory evidence of liability insurance coverage for the operations of the family child care. The bill also prohibits insurers from restricting coverage under any rider for a family child care provider based on the number of children cared for in the home except as provided in the family child care provider's certification.

Committee Amendment "A" (H-214)

This amendment replaces the bill. As in the bill, the amendment prohibits an insurer from refusing to issue or renew or from cancelling a homeowner's policy if the insured can demonstrate satisfactory evidence of liability coverage for the operations of the family child care business. The amendment proposes language to conform to existing

Joint Standing Committee on Insurance and Financial Services

language used in the Maine property insurance cancellation control laws.

The amendment makes it clear that insurers issuing homeowners policies are not liable under those policies for losses arising out of the family child care business unless coverage is specifically provided under the policy or a rider providing business liability coverage. The amendment also clarifies the circumstances under which a property insurer has no duty to defend or indemnify a family child care provider who has obtained business liability coverage for the operations of the family child care business. The amendment requires the insurer to disclose to family child care providers that the failure to maintain separate insurance coverage for business liability may result in the cancellation or nonrenewal of the homeowners insurance policy.

The amendment removes the provision in the bill that prohibited an insurer from restricting coverage under any rider for a family child care provider based on the number of children cared for in the home except as provided in the family child care provider's certification.

Enacted Law Summary

Public Law 2009, chapter 185 prohibits an insurer from refusing to issue or renew or from cancelling a homeowner's policy if the insured can demonstrate satisfactory evidence of liability coverage for the operations of the family child care business. The law makes it clear that insurers issuing homeowners policies are not liable under those policies for losses arising out of the family child care business unless coverage is specifically provided under the policy or a rider providing business liability coverage. In addition, the law clarifies the circumstances under which a property insurer has no duty to defend or indemnify a family child care provider who has obtained business liability coverage for the operations of the family child care business.

Public Law 2009, chapter 185 also requires the insurer to disclose to family child care providers that the failure to maintain separate insurance coverage for business liability may result in the cancellation or nonrenewal of the homeowners insurance policy.

LD 917 An Act To Prevent the Unauthorized or Deceptive Use of the Names of Financial Institutions

PUBLIC 103

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

This bill prohibits the unauthorized or deceptive use of the name of a financial institution, credit union, holding company, affiliate or subsidiary in any advertisement or solicitation. The bill also grants to the Superintendent of Financial Institutions the authority to impose civil penalties and provides financial institutions, credit unions, holding companies, affiliates and subsidiaries with remedies against unauthorized or deceptive uses of their names.

Enacted Law Summary

Public Law 2009, chapter 103 prohibits the unauthorized or deceptive use of the name of a financial institution, credit union, holding company, affiliate or subsidiary in any advertisement or solicitation. The law also grants to the Superintendent of Financial Institutions the authority to impose civil penalties and provides financial institutions, credit unions, holding companies, affiliates and subsidiaries with remedies against unauthorized or deceptive uses of their names.