

MAINE STATE LEGISLATURE

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STATE OF MAINE
125TH LEGISLATURE
FIRST REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed

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

July 2011

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LEGISLATIVE DIGEST OF BILL SUMMARIES AND
ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* summarizes all LDs and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 125th Maine Legislature.

The *Digest* is arranged alphabetically by committee and within each committee by Legislative Document (LD) number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each LD 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 LD is noted to the right of the LD title. The following describes the various final actions.

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; legislation died
DIED BETWEEN HOUSES..... House & Senate disagreed; legislation died
DIED IN CONCURRENCE..... defeated in each house, but on different motions; legislation died
DIED ON ADJOURNMENT..... action incomplete when session ended; legislation died
EMERGENCY..... enacted law takes effect sooner than 90 days after session adjournment
FAILED, EMERGENCY ENACTMENT or FINAL PASSAGE emergency failed to receive required 2/3 vote
FAILED, ENACTMENT or FINAL PASSAGE..... failed to receive final majority vote
FAILED, MANDATE ENACTMENT legislation proposing local mandate failed required 2/3 vote
HELD BY GOVERNOR..... Governor has not signed; final disposition to be determined at subsequent session
LEAVE TO WITHDRAW..... sponsor's request to withdraw legislation granted
NOT PROPERLY BEFORE THE BODY ruled out of order by the presiding officer; legislation died
INDEF PP..... indefinitely postponed; legislation died
ONTP, ACCEPTED, MAJORITY, MINORITY or REPORT X... ought-not-to-pass report accepted; legislation died
P&S XXX..... chapter # of enacted private & special law
PUBLIC XXX..... chapter # of enacted public Law
RESOLVE XXX..... chapter # of finally passed resolve
VETO SUSTAINED..... Legislature failed to override Governor's veto

The effective date for non-emergency legislation enacted in the First Regular Session of the 125th Legislature is September 28, 2011. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

Joint Standing Committee on Insurance and Financial Services

LD 295 An Act To Require Insurance Companies To Disclose the Option To ONTP
Purchase Higher Amounts of Coverage for Automobile Liability
Insurance

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

Under existing law, a motor vehicle insurance policy must provide uninsured vehicle coverage at a level at least equal to the amount in the policy for liability for bodily injury or death unless the policyholder expressly rejects that amount in favor of a lower amount, which may not be less than the minimum statutory requirement for liability coverage under the Maine Revised Statutes, Title 29-A, section 1605. This bill maintains that provision, but requires an insurer or licensed producer holding an appointment from that insurer to disclose to policyholders the option for purchase of uninsured vehicle coverage at a higher level up to \$2,000,000.

LD 313 An Act To Permit Insured Persons To Designate a 3rd Party To Receive PUBLIC 123
Notice of Cancellation of Medicare Supplement Policies and To Restrict
the Cancellation of Certain Insurance Policies for Nonpayment of
Premium Due to Cognitive Impairment or Functional Incapacity

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HOBBINS	OTP-AM MAJ ONTP MIN	S-71

This bill permits insured persons 65 years of age or older to designate a third party to also receive notice of cancellation of health insurance, Medicare supplement, life insurance and long-term care insurance policies.

Committee Amendment "A" (S-71)

This amendment is the majority report of the committee and replaces the bill. The amendment extends the right for an insured person to designate a third party to receive notice of cancellation of Medicare supplement insurance policies. The amendment also provides the ability to reinstate life, health and Medicare supplement insurance policies to reduce the danger that a policyholder who suffers from cognitive impairment or functional incapacity will lose coverage for nonpayment of premium due to that cognitive impairment or functional incapacity. The amendment removes provisions in the bill relating to long-term care insurance as the notice of cancellation provisions and provisions restricting cancellation due to cognitive impairment or functional incapacity are already required by rule. The provisions in the amendment related to life, health and Medicare supplement insurance are consistent with the restrictions on cancellation due to cognitive impairment or functional incapacity already in place with respect to long-term care insurance. The provisions in the amendment apply to all insurance policies, contracts and certificates issued or renewed on or after January 1, 2012.

Enacted Law Summary

Public Law 2011, chapter 123 extends the right for an insured person to designate a third party to receive notice of cancellation to Medicare supplement insurance policies. The law also provides the ability to reinstate life, health and Medicare supplement insurance policies after cancellation to reduce the danger that a policyholder who suffers from cognitive impairment or functional incapacity will lose coverage for nonpayment of premium due to that cognitive impairment or functional incapacity. The restrictions on cancellation provisions in the law related to life,

Joint Standing Committee on Insurance and Financial Services

health and Medicare supplement insurance are consistent with the restrictions on cancellation due to cognitive impairment or functional incapacity already in place with respect to long-term care insurance.

The provisions in Public Law 2011, chapter 123 apply to all life, health and Medicare supplement insurance policies, contracts and certificates issued or renewed on or after January 1, 2012.

LD 327 An Act To Permit Lenders To Exclude Government Insurance Fees ONTP
When Determining whether a Loan Is a High-rate, High-fee Loan

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

This bill permits lenders to exclude points and fees assessed by federal or state government agencies for insurance when calculating the thresholds used to determine whether or not a loan is a high-rate, high-fee loan.

While LD 327 was voted "Ought Not to Pass", a related substantive provision making changes to the definition of excluded points and fees when calculating the thresholds used to determine whether or not a loan is a high-rate, high-fee loan was included in LD 1338, An Act to Amend the Maine Consumer Credit Code to Conform with Federal Law. See LD 1338, which was enacted as Public Law 2011, chapter 427.

LD 334 An Act To Promote Further Stability within the Workers' PUBLIC 105
Compensation System by Extending the Number of Terms That May Be EMERGENCY
Served on the Maine Employers' Mutual Insurance Company Board of
Directors

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON W	OTP-AM	H-102

This bill increases the number of consecutive full terms from three to four that an individual may serve on the Maine Employers' Mutual Insurance Company board of directors, except for the president and chief executive officer.

Committee Amendment "A" (H-102)

The amendment adds an emergency preamble and emergency clause to the bill.

Enacted Law Summary

Public Law 2011, chapter 105 increases the number of consecutive full terms from three to four that an individual may serve on the Maine Employers' Mutual Insurance Company board of directors, except for the president and chief executive officer.

Public Law 2011, chapter 105 was enacted as an emergency measure effective May 3, 2011.