

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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STAFF:

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

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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 768 An Act To Amend the Laws Relating to Group Trusts Established by Group Self-insurers of Workers' Compensation Benefits

PUBLIC 98

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| BECK SULLIVAN | OTP-AM | H-103 |

This bill provides that if a member of a group self-insurer for workers' compensation benefits terminates membership in the group, that member is entitled to share in the release of surplus funds from the trust established by the group self-insurer if funding by that member to the 95% confidence level occurs within one year. The bill clarifies that while a trust is responsible for payment of a departing member's liabilities, the trust is not required to set aside additional trust assets for that exposure.

Committee Amendment "A" (H-103)

This amendment clarifies that while a trust is responsible for payment of a departing member's liabilities, the trust is not required to set aside additional trust assets for that exposure. The amendment requires that, if the Superintendent of Insurance finds there is a material risk to the trust's ability to satisfy its liabilities and obligations due to the failure of one or more departing members to fund their proportionate share of exposure or to the failure of the group trust to enforce the funding requirement, the superintendent shall consider any unfunded amount when approving a determination of a group trust's surplus or deficit.

Enacted Law Summary

Public Law 2011, chapter 98 clarifies the responsibility of a workers' compensation group self-insurance trust for payment of a departing member's liabilities. The law makes it clear that a trust is responsible for payment of a departing member's liabilities, but provides that the trust is not required to set aside additional trust assets for that exposure. The law requires that, if the Superintendent of Insurance finds there is a material risk to the trust's ability to satisfy its liabilities and obligations due to the failure of one or more departing members to fund their proportionate share of exposure or to the failure of the group trust to enforce the funding requirement, the superintendent shall consider any unfunded amount when approving a determination of a group trust's surplus or deficit.

LD 783 An Act To Amend the Laws Governing Captive Insurance Companies

ONTP

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

This bill amends the chapter of the Maine Insurance Code governing captive insurance companies to make clear that in the event of any conflict between the provisions of other state insurance laws and the provisions of the laws governing captive insurance companies, the provisions of the captive insurance company laws control. The bill places a cap on the unimpaired paid-in capital and surplus of an association captive insurance company and provides that rules adopted by the Superintendent of Insurance to implement the laws governing captive insurance companies are major substantive rules.

While LD 783 was voted "Ought Not to Pass", a related substantive provision relating to captive insurance companies was included in LD 1333, An Act to Modify Rating Practices for Individual and Small Group Health

Joint Standing Committee on Insurance and Financial Services

Plans and to Encourage Value-based Purchasing of Health Care Services. See LD 1333, which was enacted as Public Law 2011, chapter 90.

LD 794 An Act To Provide Fair Value for Insured Items ONTP

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

This bill requires an insurer to provide coverage for 85% of the total value of the contents of a home insured under a homeowner's insurance policy if the insured opts not to or is unable to provide an inventory of any lost or damaged items of property to enable the insurer to determine the actual cash value of the lost contents.

LD 844 An Act To Provide Affordable Health Insurance for Municipal and School Employees through Competition ONTP

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

This bill removes the waiver of competitive bidding available to school boards for health insurance. It requires that school boards purchase health insurance for employees through competitive bidding, including in school units in which municipal and school insurance is purchased as a package by municipal government. The bill requires that insurers, nonprofit hospital and medical service organizations and health maintenance organizations provide a school administrative unit with information concerning the unit's own experience rating and claims history as a member covered under a group policy or contract at the unit's request or at the request of any municipality in the unit.

The bill also makes members of the Maine Municipal Association and members of the Maine Education Association eligible to participate in the group health plan for state employees and makes employees of school administrative units and municipalities eligible to participate in the plan if their school boards or municipalities elect to participate in the plan.

While LD 844 was voted "Ought Not to Pass", two related bills were enacted that included provisions to require that insurers, nonprofit hospital and medical service organizations and health maintenance organizations provide a school administrative unit with information concerning the unit's own experience rating and claims history as a member covered under a group policy or contract at the unit's request and to make members of the Maine Municipal Association and members of the Maine Education Association eligible to participate in the group health plan for state employees. See LD 619, which was considered by the Joint Standing Committee on Education and Cultural Affairs and enacted as Public Law 2011, chapter 438 and LD 1326, which was enacted as Public Law 2011, chapter 395.