

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 881 An Act To Amend Certain Insurance Provisions Relating to Variable Annuity Death Benefits and Multiple Employer Trusts

PUBLIC 163

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON W	OTP-AM	H-158 S-101 WHITTEMORE

This bill amends Maine's minimum variable annuity death benefit law, which currently requires a return of premium, to provide that the premium returned should be reduced by amounts that the insurance company has already distributed to the policy owners as, for example, in the form of cash withdrawals, loans or qualified transfers. The bill allows life insurance to be provided to trust groups without requiring that employers agree to serve as settlors of the trust. This change will permit the creation of trust groups adopted by two or more employers instead of limiting the law to trusts established by employers. This change makes Maine law consistent with the national standards represented by the National Association of Insurance Commissioners model.

Committee Amendment "A" (H-158)

This amendment clarifies that a variable annuity death benefit payment must equal the greater of the premiums, reduced by any adjusted withdrawals from the policy already distributed to the policy owner, and the value of the contract, instead of the sum of the premiums, less withdrawals, and the value of the contract, as the bill proposes.

Senate Amendment "A" To Committee Amendment "A" (S-101)

This amendment clarifies the language of Committee Amendment "A" that a variable annuity death benefit equals either the value of the contract at the time of death or the sum of the premiums less adjusted withdrawals from the policy, whichever is greater.

Enacted Law Summary

Public Law 2011, chapter 163 amends Maine's minimum variable annuity death benefit law, which currently requires a return of premium, to provide that the premium returned should be reduced by amounts that the insurance company has already distributed to the policy owners as, for example, in the form of cash withdrawals, loans or qualified transfers.

Public Law 2011, chapter 163 also allows life insurance to be provided to trust groups without requiring that employers agree to serve as settlors of the trust. This change will permit the creation of trust groups adopted by two or more employers instead of limiting the law to trusts established by employers.

LD 882 An Act To Limit Health Care Mandates

Carried Over

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

This bill prohibits carriers from offering a health plan in this State on or after January 1, 2014 that exceeds the minimum essential benefits package determined in accordance with federal law. The bill also requires the Department of Professional and Financial Regulation, Bureau of Insurance to evaluate the minimum essential

Joint Standing Committee on Insurance and Financial Services

benefits package to be determined by the Secretary of the United States Department of Health and Human Services in comparison to existing mandated health insurance benefits required by state law. The bill directs the bureau to determine which mandated benefits are not included in the federal minimum essential benefits package and develop proposed legislation to eliminate those mandated benefits in state law. The bureau must submit its report within three months of the adoption of the minimum essential benefits package. The bill authorizes the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters to report out a bill based on the report to the First Regular Session of the 126th Legislature.

LD 882 was carried over to any special and/or regular session of the 125th Legislature pursuant to joint order, H.P. 1190.

LD 891 An Act To Amend the Maine Consumer Credit Code Regarding Interest Charged on Deferred Payments PUBLIC 87

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SNOWE-MELLO	OTP	

Under the Maine Consumer Credit Code, interest and costs are allowed to accrue in connection with a deferred first periodic payment only if the payment is deferred for no more than 90 days. This bill changes the limitation to 120 days.

Enacted Law Summary

Under the Maine Consumer Credit Code, interest and costs are allowed to accrue in connection with a deferred first periodic payment only if the payment is deferred for no more than 90 days. Public Law 2011, chapter 87 changes the limitation to 120 days.

LD 892 An Act To Establish an Insurance Fraud Division within the Department of Professional and Financial Regulation, Bureau of Insurance ACCEPTED REPORT A (ONTP)

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

This bill establishes the Insurance Fraud Division within the Department of Professional and Financial Regulation, Bureau of Insurance. The bill requires insurers with knowledge or suspicion of fraudulent insurance acts to report those activities to the Superintendent of Insurance. The bill provides for the confidentiality of records relating to insurance fraud investigations in a manner similar to the provision of confidentiality under current state law for investigative and intelligence information in the possession of other law enforcement entities. The bill does permit the Insurance Fraud Division to share investigatory information with certain national and international agencies. The bill also extends the immunity provision in current law to certain communications between insurers with respect to fraudulent insurance acts.

Committee Amendment "A" (S-211)

This amendment replaces the bill. The amendment proposes substantially what the bill proposes but enacts a