

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
125<sup>TH</sup> 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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STATE OF MAINE  
125<sup>TH</sup> LEGISLATURE  
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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 125<sup>th</sup> 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 125<sup>th</sup> 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***

1. It changes the maximum rate differential for individual health plans on the basis of age, health status and geographic area from 1.5:1 to 4:1; and
2. It changes the maximum rate differential for small group health plans on the basis of age, health status, occupation or industry and geographic area from 1.5:1 to 4:1.

Part B of the bill amends the laws relating to guaranteed issuance and renewal.

Part B also creates the Maine High-risk Reinsurance Pool Association. The purpose of the association is to provide reinsurance to spread the cost of high-risk individuals and small groups among all health insurers. The bill funds the high-risk reinsurance pool through an assessment on insurers.

While LD 1436 was voted "Ought Not to Pass", related substantive provisions making changes to the laws governing guaranteed issuance and renewal and community rating and establishing a reinsurance mechanism for individual health plans were included in LD 1333, An Act to Modify Rating Practices for Individual and Small Group Health Plans and to Encourage Value-based Purchasing of Health Care Services. See LD 1333, which was enacted as Public Law 2011, chapter 90.

**LD 1452      An Act To Create the Maine Street Economic Development Bank      ONTP**

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

This bill establishes the Maine Street Economic Development Bank effective July 1, 2013 except that the bank may not make, purchase, guarantee, modify or hold loans until the bank has adequate capital of at least \$20,000,000. It specifies the purposes of the bank, establishes a board of directors and creates an advisory committee. It allows the bank to accept deposits of public funds, to make, purchase, guarantee, modify or hold certain loans and to serve as a custodian bank. It directs the Treasurer of State to deposit money into the bank in an amount the Treasurer of State determines is necessary to allow the bank to fulfill its duties. Excess income of the bank is deposited in the Maine Budget Stabilization Fund.

The bill provides for a quarterly examination by the Department of Professional and Financial Services, Bureau of Financial Institutions and an audit by the State Auditor every two years.

The bill directs the Treasurer of State and the Commissioner of Administrative and Financial Services to consult with the Attorney General and report to the Joint Standing Committee on Appropriations and Financial Affairs by January 15, 2012 with recommendations to fully implement the bank. It authorizes the Joint Standing Committee on Appropriations and Financial Affairs to report out a bill to the Second Regular Session of the 125th Legislature.

**LD 1464      An Act To Establish Standards for Portable Electronic Device Insurance      PUBLIC 297**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SNOWE-MELLO	OTP-AM MAJ ONTP MIN	S-212

## *Joint Standing Committee on Insurance and Financial Services*

This bill establishes portable electronic device insurance as a limited line of insurance and regulates its provision.

### **Committee Amendment "A" (S-212)**

This amendment is the majority report of the committee and does the following.

1. It provides an exemption from required licensure as an insurance producer for persons who sell or offer portable electronic device insurance. The bill requires all employees or authorized representatives of a vendor to be licensed.
2. It adds definitions of "limited lines license" and "location" and makes clarifying changes to other definitions in the bill.
3. It clarifies that training for employees and representatives of a vendor selling or offering portable electronic device insurance may be conducted in electronic form and, if conducted in electronic form, the supervising entity shall implement a supplemental education program.
4. It removes the specific penalties imposed in the bill and authorizes the superintendent to impose penalties in accordance with current law. It also clarifies the authority of the superintendent to suspend the authority of a vendor to transact portable electronic device insurance for a violation.
5. It reduces the amount of time of the notice period after which an insurer may terminate or change the conditions of a policy of portable electronic device insurance from 60 days to 30 days.

### **Enacted Law Summary**

Public Law 2011, chapter 297 establishes portable electronic device insurance as a limited line of insurance required to be licensed under the Maine Insurance Code and regulates the sale and marketing of portable electronic device insurance in this State.

### **LD 1497      An Act To Comply with the Health Insurance Exchange Provision of the      Carried Over Patient Protection and Affordable Care Act**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCKANE WHITTEMORE		

This bill establishes the Maine Health Benefit Exchange pursuant to the federal Patient Protection and Affordable Care Act. The exchange is established as authorized by federal law to facilitate the purchase of health care coverage by individuals and small businesses. The bill requires coverage to be available through the exchange no later than January 1, 2014. The bill authorizes the use of an assessment or user fee on health insurance carriers to support the operations of the exchange.

LD 1497 was carried over to any special and/or regular session of the 125th Legislature pursuant to joint order, H.P. 1190.