

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
125<sup>TH</sup> LEGISLATURE  
SECOND REGULAR SESSION



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

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

June 2012

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# STATE OF MAINE

125<sup>TH</sup> LEGISLATURE  
SECOND REGULAR SESSION



## 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 Second 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.

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

The effective date for non-emergency legislation enacted in the Second Regular Session of the 125<sup>th</sup> Legislature is Thursday, August 30, 2012. 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. The law clarifies that reimbursement is based on the calendar year in which the claim was incurred, except that the initial claim reimbursement period for the first year of the program is the period beginning July 1, 2012 and ending December 31, 2012.
2. The law allows a member insurer to designate a person for reinsurance through the use of claims history, risk scores and other reasonable means, in addition to the use of a health statement. It also allows a member insurer to designate a person for reinsurance in the event the person omitted material information from the health statement or misrepresented the person's health status on the health statement. It clarifies that a person's health statement, claims history or risk scores or the omission of material information from the health statement or misrepresentation of a person's health status may not be used by a carrier as a basis for denying, cancelling or refusing to renew an individual health plan.
3. The law allows a member insurer to designate a person for reinsurance if the person is added to a policy.
4. The law clarifies that protected health information obtained by the association that is confidential under federal and state law remains confidential and is not open to public inspection.
5. The law clarifies that the Maine Revised Statutes, Title 24-A, section 3961 applies to the closed book of business for individual health plans sold between December 1, 1993 and July 1, 2012, and that reimbursement to member insurers with respect to closed books of business is subject to the same claims reimbursement periods and retention levels as open books of business. It also clarifies that Title 24-A, section 3961 is not intended to limit the ability of a member insurer to designate a covered person for reinsurance pursuant to Title 24-A, section 3959.
6. The law requires a member insurer who seeks reimbursement with respect to a covered person who is in the member insurer's closed book of business for individual health plans to designate the member insurer for reinsurance by October 1, 2012.
7. The law clarifies that member insurers are required to pay reinsurance premium rates with respect to covered persons designated under Title 24-A, section 3961.

**LD 1716**

**An Act To Require Funds for Prearranged Funerals To Be Invested  
Subject to the Requirements of the Maine Uniform Prudent Investor  
Act and To Update Related Provisions**

**ONTP**

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

This bill requires that funds held in prearranged funeral and burial plans be invested and managed consistent with the prudent investor rule and related requirements of the Maine Uniform Prudent Investor Act. It also provides that such funds may be deposited in a national banking institution authorized to act as a fiduciary pursuant to federal law and the regulations of the federal Office of the Comptroller of the Currency.