

MAINE STATE LEGISLATURE

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STATE OF MAINE
126TH LEGISLATURE
FIRST REGULAR SESSION



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

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

July 2013

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LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* contains summaries of all LDs and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 126th 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 126th Legislature is October 9, 2013. 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

The purpose of this bill is to promote and encourage the growth of Maine small businesses by facilitating the ability of a business to raise capital by selling small amounts of equity to a wider pool of small investors with fewer restrictions.

This bill exempts from existing restrictions regarding registration and advertising an issuer transaction or sale if the issuer transaction or sale meets certain conditions, including:

1. The issuer of the security must be a business entity formed and registered under Maine law;
2. The purchasers of the securities must be Maine residents;
3. The size of the offering may not exceed \$1,000,000 if the issuer has not undergone, and provided documentation from, a financial audit in the previous year;
4. The size of the offering may not exceed \$2,000,000 if the issuer has undergone, and provided documentation from, a financial audit in the previous year;
5. The issuer may not accept more than \$2,000 from any single purchaser unless the purchaser is an accredited investor under rules adopted by the federal Securities and Exchange Commission; and
6. The issuer requires from all purchasers a written acknowledgement that the purchaser assumes the risks associated with the investment.

This bill was carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

LD 1519

An Act To Update the Maine Insurance Code To Maintain Conformance with Uniform National Standards

PUBLIC 238

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WOODBURY GRATWICK	OTP-AM	S-184

This bill amends several provisions of the Maine Insurance Code to incorporate recent amendments to model laws adopted by the National Association of Insurance Commissioners, or NAIC, and to make related technical changes. These amendments maintain the State's compliance with uniform financial solvency standards and with the NAIC's accreditation requirements for state insurance regulators.

Part A amends the insurance holding company laws to conform them to the current version of the relevant NAIC Model Act. It reorganizes provisions governing examinations, confidentiality and proposed change-of-control transactions, incorporating additional disclosure requirements and specific provisions on divestitures of controlling interests. It establishes new reporting requirements, including an enterprise risk report requirement and an own risk and solvency assessment requirement, and amends the review process with respect to disclaimers of affiliation and makes the process applicable to proposed acquisitions of presumptive control. It allows the Superintendent of Insurance to participate in consolidated approval proceedings for multistate transactions and in supervisory colleges, which are temporary or permanent forums for communication and cooperation among the regulators supervising an international insurance holding company system. Part A becomes effective January 1, 2014.

Part B amends the reinsurance laws to conform them to the current version of the NAIC's Credit for Reinsurance Model Act. It makes financially strong reinsurers domiciled in qualifying jurisdictions outside the United States eligible to apply for approval as certified reinsurers, with lower collateral requirements commensurate with their

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financial strength and domiciliary oversight.

Part C amends Maine's Standard Valuation Law to conform it to the current version of the relevant NAIC Model Act, incorporating the new principle-based reserving requirements that will become effective when adopted by a supermajority of states.

Part D amends the risk-based capital laws to strengthen the NAIC trend test and to make it applicable to companies transacting all types of insurance.

Part E gives the superintendent rule-making authority to establish financial standards and corporate governance standards for captive insurance companies that are risk retention groups, to maintain compliance with NAIC accreditation requirements. It also makes various technical corrections to the laws governing risk retention groups for internal consistency and consistency with federal law.

Committee Amendment "A" (S-184)

This amendment makes the following clarifying and technical changes to the bill.

In Part A, the amendment does the following.

1. It clarifies that the sharing of confidential information by the Superintendent of Insurance may not be done without prior notice to interested parties and that the further disclosure of that information is subject to the same requirements and conditions that apply if the superintendent discloses the information directly.
2. It clarifies that the superintendent has authority to order an insurer to produce records necessary to verify the accuracy of information required to be provided as part of an examination.
3. It moves a provision from one section to another.
4. It restores language deleted in the bill related to cost allocation arrangements.
5. It clarifies the provision relating to confidentiality of insurance company holding system information so that the superintendent may not share information with the National Association of Insurance Commissioners except in accordance with information-sharing agreements.
6. It adds an effective date of January 1, 2014 to Part A.

In Part B, the amendment makes several clarifying and grammatical changes.

In Part C, the amendment clarifies the application of the valuation manual and rules adopted by the superintendent.

Enacted Law Summary

Public Law 2013, chapter 238 amends several provisions of the Maine Insurance Code to incorporate recent amendments to model laws adopted by the National Association of Insurance Commissioners, or NAIC, and to make related technical changes. These amendments maintain the State's compliance with uniform financial solvency standards and with the NAIC's accreditation requirements for state insurance regulators.

Part A amends the insurance holding company laws to conform them to the current version of the relevant NAIC Model Act. It reorganizes provisions governing examinations, confidentiality and proposed change-of-control transactions, incorporating additional disclosure requirements and specific provisions on divestitures of controlling interests. It establishes new reporting requirements, including an enterprise risk report requirement and an own risk and solvency assessment requirement, and amends the review process with respect to disclaimers of affiliation and makes the process applicable to proposed acquisitions of presumptive control. It allows the Superintendent of

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Insurance to participate in consolidated approval proceedings for multistate transactions and in supervisory colleges, which are temporary or permanent forums for communication and cooperation among the regulators supervising an international insurance holding company system.

Part B amends the reinsurance laws to conform them to the current version of the NAIC's Credit for Reinsurance Model Act. It makes financially strong reinsurers domiciled in qualifying jurisdictions outside the United States eligible to apply for approval as certified reinsurers, with lower collateral requirements commensurate with their financial strength and domiciliary oversight.

Part C amends Maine's Standard Valuation Law to conform it to the current version of the relevant NAIC Model Act, incorporating the new principle-based reserving requirements that will become effective when adopted by a supermajority of states.

Part D amends the risk-based capital laws to strengthen the NAIC trend test and to make it applicable to companies transacting all types of insurance.

Part E gives the superintendent rule-making authority to establish financial standards and corporate governance standards for captive insurance companies that are risk retention groups, to maintain compliance with NAIC accreditation requirements. It also makes various technical corrections to the laws governing risk retention groups for internal consistency and consistency with federal law.

LD 1525 An Act To Streamline Billing for Mental Health Services

ONTP

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

This bill provides that insurers, health maintenance organizations and other administrators of health insurance claims may not require persons submitting those claims before January 1, 2014 to use revised billing codes under the 5th edition of the Diagnostic and Statistical Manual of Mental Disorders released in May 2013.