

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
127<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**

May 2016

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# STATE OF MAINE

127<sup>TH</sup> LEGISLATURE

SECOND REGULAR SESSION



## 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 Second Regular Session of the 127<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. An appendix provides a summary of relevant session statistics.

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 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 127<sup>th</sup> Legislature is July 29, 2016. 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***

This bill establishes the Maine Small Business Marketplace. The bill requires employers of more than 10 employees that have not offered their employees a qualified retirement plan in the preceding two years to offer a payroll deposit retirement savings arrangement to their employees to allow contributions to an individual retirement account. The bill also allows small employers with fewer than 10 employees to voluntarily participate in the marketplace. The bill requires the Treasurer of State to administer and oversee the marketplace.

**Committee Amendment "A" (H-555)**

This amendment is the minority report of the committee and replaces the bill. As in the bill, the amendment establishes the Maine Small Business Retirement Marketplace. The amendment provides employers of fewer than 100 employees an opportunity to offer retirement plans that are approved by the marketplace to their employees on a voluntary basis. The amendment also allows sole proprietors and self-employed individuals to voluntarily participate in the marketplace. The amendment requires that the marketplace provide at least two types of retirement plans to eligible employers, an individual retirement account plan that allows an employer to make contributions to participating employees' accounts and a payroll deposit retirement savings arrangement in which an employer does not contribute to an employee's account, and a minimum of two plans available to individual employees, a myRA and a life insurance plan. The amendment requires the Treasurer of State to administer and oversee the marketplace. The amendment also adds an appropriations and allocations section.

**LD 1479      An Act To Create Improved Consumer Protection against Long-term      ONTP  
Care Insurance Premium Rate Increases**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LANGLEY B KUMIEGA W	ONTP	

This bill establishes restrictions on premium rate increases for long-term care insurance policies.

1. It limits the maximum increase in any one year to 25%.
2. It limits premium rates from increasing to a level that results in a cumulative increase of the annual premium exceeding a certain percentage of the insured's initial annual premium based on the insured's age.
3. It restricts the cumulative premium increase over the lifetime of a policyholder to 75%.
4. It restricts premium increases over a five-year period that in the aggregate exceed the limitations based on age.

The bill also requires a long-term care insurance policy issued on or after the effective date of the bill to prominently disclose on the face of the policy a statement that premiums are not guaranteed, a description of the limits on increases established in the bill and a statement that changes in premium rates must be approved by the Superintendent of Insurance. Finally, the bill requires insurers and other entities that have issued long-term care insurance policies to policyholders in this State to provide written notice of the enactment of the bill, including a summary of the provisions and a copy of the law, to the policyholders within 30 days of its enactment.

**LD 1542      An Act To Encourage Maine Employers To Offer and Employees To      PUBLIC 490  
Enroll in Disability Income Protection Plans in the Workplace**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BECK H WHITTEMORE R	OTP-AM ONTP	H-576

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

This bill authorizes an employer to provide its employees a group disability income protection plan, which is a group policy instituted by an employer that provides income benefits to an employee who is unable to work for an extended period of time because of sickness or an accident. The group disability income protection plan may be either a short-term plan offering at least six months of benefits or a long-term plan offering at least 24 months of benefits. The premium paid by an employee for participation in an employer-sponsored group disability income protection plan is considered a premium that the employee has agreed to pay, as long as certain conditions are met.

An employer is entitled to a tax credit of \$50 for each employee enrolled in a group disability income protection plan after January 1, 2017. The credit may be taken by an employer for no more than five years.

### **Committee Amendment "A" (H-576)**

This amendment is the majority report of the committee. The amendment adds language to the bill regarding the bill's proposed group disability income protection plan. Specifically, the amendment requires that, if an employer offers a plan with automatic enrollment, the employee must be provided information regarding the employer-sponsored group disability income protection plan and the employee's right to opt out of coverage at least 30 days prior and a second time at least 10 days prior to the initial payroll deduction of premiums.

Like the bill, the amendment provides a tax credit to employers providing a qualified short-term disability income protection plan or a qualified long-term disability income protection plan. Disability income protection plans that do not qualify for the tax credit may still be authorized to be issued in the State by the Department of Professional and Financial Regulation, Bureau of Insurance.

The amendment provides that an employer is entitled to a tax credit of \$30 for each employee enrolled in a group disability income protection plan after January 1, 2017, as long as the employee was not covered under a disability income protection plan offered by the employing unit in the tax year immediately preceding the year in which the credit is first available. The credit must be claimed by a taxpayer in the first tax year during which the taxpayer is eligible to claim the credit and may be taken for no more than three consecutive tax years. The amendment specifies that the amount of the credit may not exceed the amount of the tax due and that unused credit may not be carried over or carried back. The bill proposes a tax credit of \$50, which would be available for five years. The amendment clarifies that an employer's federal adjusted gross income must be increased by the amount claimed as a deduction related to a taxpayer's expenses for a qualified long-term disability income protection plan or qualified short-term disability income protection plan during the taxable year for which a tax credit is claimed. The amendment clarifies that the determination of whether an employer can claim the tax credit for an eligible employee is based on the terms and conditions of the qualified long-term or short-term disability income protection plan selected by the employer. The amendment also permits the Department of Administrative and Financial Services, Bureau of Revenue Services to share information with the Department of Professional and Financial Regulation, Bureau of Insurance as necessary to determine the qualification of long-term or short-term disability income protection plans for the tax credit.

This amendment also corrects a numbering problem created by Public Law 2015, chapters 300 and 344, which enacted two substantively different provisions with the same paragraph designation.

### **Enacted Law Summary**

Public Law 2015, chapter 490 authorizes an employer to provide its employees a group disability income protection plan, which is a group policy instituted by an employer that provides income benefits to an employee who is unable to work for an extended period of time because of sickness or an accident. The group disability income protection plan may be either a short-term plan offering at least six months of benefits or a long-term plan offering at least 24 months of benefits. The law requires that, if an employer offers a plan with automatic enrollment, the employee must be provided information regarding the employer-sponsored group disability income protection plan and the employee's right to opt out of coverage at least 30 days prior and a second time at least 10 days prior to the initial payroll deduction of premiums.

*Joint Standing Committee on Insurance and Financial Services*

The law also provides a tax credit to employers providing a qualified short-term disability income protection plan or a qualified long-term disability income protection plan. Disability income protection plans that do not qualify for the tax credit may still be authorized to be issued in the State by the Department of Professional and Financial Regulation, Bureau of Insurance. The law provides that an employer is entitled to a tax credit of \$30 for each employee enrolled in a group disability income protection plan after January 1, 2017, as long as the employee was not covered under a disability income protection plan offered by the employing unit in the tax year immediately preceding the year in which the credit is first available. The credit must be claimed by a taxpayer in the first tax year during which the taxpayer is eligible to claim the credit and may be taken for no more than three consecutive tax years. The amount of the credit may not exceed the amount of the tax due and that unused credit may not be carried over or carried back.

**LD 1545     An Act To Amend the Maine Guaranteed Access Reinsurance Association Act**

**PUBLIC 404**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WHITTEMORE R BECK H	OTP-AM	S-393

This bill repeals the Maine Guaranteed Access Reinsurance Association Act, effective January 1, 2019. Prior to the repeal, it requires the joint standing committee having jurisdiction over insurance and financial services matters to review and evaluate the transitional reinsurance program operating in the State between January 1, 2014 and December 31, 2016 pursuant to the federal Patient Protection and Affordable Care Act and federal regulations adopted pursuant to that Act and the differences between the transitional reinsurance program and the Maine Guaranteed Access Reinsurance Association and recommend to the Superintendent of Insurance whether the Maine Guaranteed Access Reinsurance Association should resume operations. The committee is authorized to submit a bill to the Second Regular Session of the 128th Legislature based on the committee's evaluation.

**Committee Amendment "A" (S-393)**

This amendment replaces the bill and changes the title. The amendment extends the suspension of the operations of the Maine Guaranteed Access Reinsurance Association for one year, until December 31, 2017, and removes statutory provisions that are no longer necessary given the extended suspension. The amendment also directs the Superintendent of Insurance to make a recommendation before February 15, 2017 to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters relating to the continued operation or dissolution of the association.

**Enacted Law Summary**

Public Law 2015, chapter 404 extends the suspension of the operations of the Maine Guaranteed Access Reinsurance Association for one year, until December 31, 2017, and removes statutory provisions that are no longer necessary given the extended suspension. The law also directs the Superintendent of Insurance to make a recommendation before February 15, 2017 to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters relating to the continued operation or dissolution of the association.