

131st MAINE LEGISLATURE

FIRST REGULAR SESSION-2022

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An Act to Make Corrections to the Maine Insurance Code

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 204.

Reference to the Committee on Health Coverage, Insurance and Financial Services suggested and ordered printed.

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DAREK M. GRANT Secretary of the Senate

Presented by Senator BRENNER of Cumberland.

- 1 Be it enacted by the People of the State of Maine as follows:
- 2 Sec. 1. 24-A MRSA §220, sub-§2, as enacted by PL 1991, c. 26, is amended to 3 read:

4 2. Response to inquiries. All insurers and other persons required to be licensed 5 pursuant to this Title and Title 24 shall respond to all lawful inquiries of the superintendent that relate to resolution of consumer complaints involving the licensee within 14 days of 6 receipt of the inquiry and to all other lawful follow-up inquiries of the superintendent within 7 8 $\frac{30}{5}$ days of receipt. If a substantive response can not cannot in good faith be provided 9 within the required time period, the person required to respond shall so advise the superintendent and provide the reason for the inability to respond. The superintendent may 10 adopt routine technical rules as defined in Title 5, chapter 375, subchapter 2-A to 11 implement the requirements of this subsection. 12

- 13 Sec. 2. 24-A MRSA §1106, sub-§4, as amended by PL 2001, c. 524, §2, is further
 14 amended to read:
- 4. Except as otherwise expressly provided, an insurer may not invest more than 10%
 of its assets in the securities of any one person, other than investments eligible under the
 following sections:
- 18 A. 1107 (public obligations);
- 19 B. 1108 (obligations, stock of certain federal and international agencies); and
- C. 1120 (common trust funds, mutual funds), but as to this exception, only with the prior approval of the superintendent and only in index mutual funds in an amount up to 20% of the insurer's assets-; and
- 23 D. 1115 (stocks of subsidiaries), but only with the prior approval of the superintendent.
- 24 **Sec. 3. 24-A MRSA §1155,** as amended by PL 2001, c. 524, §3, is further amended 25 to read:
- 26 §1155. Diversification
- Investments of an insurer shall be subject to the following diversification requirementsand limitations.
- 1. Real estate; personal property; equity interests; subsidiaries. Not more than
 40% of the insurer's assets in aggregate amount may consist of investments described in
 the following subdivisions paragraphs:
- 32 A. Real estate, section 1156, subsection 2, paragraph D, subparagraph (1);
- B. Personal property, section 1156, subsection 2, paragraph E;
- 34 C. Equity interests, section 1156, subsection 2, paragraph F; and
- 35 D. Subsidiaries, section 1157, except as provided in that section.
- If, on or after the effective date of this subsection, the insurer makes investments of those types in institutions or property located within the State aggregating 1% or more of its assets, the 40% limitation in this subsection shall <u>must</u> be increased by an equal amount up to 45%, exclusive of those investments in institutions or property located within the State,

- thus providing for a maximum limit on the investments described in those subdivisions
 paragraphs of 50% of the insurer's assets.
- **2.** Government obligations; policy loans; other <u>Counter-party</u> limitations. Except as otherwise expressly provided, an insurer may not invest in or may not incur counterparty exposure to any one person if, after giving effect to those investments and that counter-party exposure, the aggregate of those investments in and that counter-party exposure to that person would exceed 10% of the insurer's admitted assets, with the following exceptions:
 - A. Government obligations pursuant to section 1156, subsection 2, paragraph A;
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C. Index mutual funds, but as to this exception, only with the prior approval of the superintendent and limited to 20% of the insurer's admitted assets.

B. Policy loans pursuant to section 1158; and

- 13 **3.** <u>Other investment limitations.</u> Other investment limitations shall be are as
 14 provided in particular sections of this chapter.
- 15 **Sec. 4. 24-A MRSA §1481,** as enacted by PL 1997, c. 457, §23 and affected by §55, is amended to read:
- 17 §1481. Continuing education advisory committee Education Advisory Committee
- 18 The Continuing Education Advisory Committee is established and consists of 6 19 members appointed by the superintendent for terms of 3 years each, on a staggered-term 20 basis to prevent the terms of more than 2 members from expiring in any one year. A person 21 may not be reappointed to the committee for more than one 3-year term. A person is 22 ineligible for appointment to the committee unless that person is an active, full-time 23 insurance producer or consultant. Committee members are eligible for reimbursement of 24 expenses. The superintendent may remove a committee member for cause.
- Sec. 5. 24-A MRSA §2808-B, sub-§2-A, ¶C, as amended by PL 2019, c. 653, Pt.
 B, §5, is further amended to read:
- C. Rates for small group health plans must be filed in accordance with this section and
 subsections 2-B and 2-C or section 2792, as applicable, for premium rates effective on
 or after July 1, 2004, except that the rates for small group health plans are not required
 to account for any payment or any recovery of that payment pursuant to subsection
 2-B, paragraph D and former section 6913 for rates effective before July 1, 2005.
- 32 Sec. 6. 24-A MRSA §2808-B, sub-§2-B, ¶A, as amended by PL 2009, c. 244, Pt.
 33 G, §2, is further amended to read:
- 34 A. Rates subject to this subsection must be filed for approval by the superintendent. 35 The superintendent shall disapprove any premium rates filed by any carrier, whether initial or revised, for a small group health plan unless it is anticipated that the aggregate 36 37 benefits estimated to be paid under all the small group health plans maintained in force 38 by the carrier for the period for which coverage is to be provided will return to 39 policyholders at least 75% of the aggregate premiums collected for those policies, as 40 determined in accordance with accepted actuarial principles and practices and on the basis of incurred claims experience and earned premiums. For the purposes of this 41 42 calculation, any payments paid pursuant to former section 6913 must be treated as 43 incurred claims.

- Sec. 7. 24-A MRSA §2808-B, sub-§2-B, ¶D, as amended by PL 2007, c. 629, Pt. M, §8, is repealed.
- Sec. 8. 24-A MRSA §2839-B, sub-§2, as amended by PL 2007, c. 629, Pt. M, §11, is further amended to read:

5 2. Annual filing. Every carrier offering group health insurance specified in subsection 1 shall annually file with the superintendent on or before April 30th a certification signed 6 by a member in good standing of the American Academy of Actuaries or a successor 7 8 organization that the carrier's rating methods and practices are in accordance with generally accepted actuarial principles and with the applicable actuarial standards of practice as 9 promulgated by an actuarial standards board. The filing must also certify that the carrier 10 has included in its experience any savings offset payments or recovery of those savings 11 offset payments consistent with former section 6913. The filing also must state the number 12 13 of policyholders, certificate holders and dependents, as of the close of the preceding calendar year, enrolled in large group health insurance plans offered by the carrier. A filing 14 15 and supporting information are public records except as provided by Title 1, section 402, 16 subsection 3.

17 SUMMARY

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This bill amends the Maine Insurance Code in the following ways.

19 1. It clarifies the laws governing domestic insurer investments concerning investments
 20 in stocks of subsidiaries.

It removes the prohibition on members of the Continuing Education Advisory
 Committee being reappointed and allows the Superintendent of Insurance to remove a
 member of the committee for cause.

3. It removes from the small and large group health insurance rating laws obsolete
 references to the Dirigo Health savings offset payments program.

4. It requires licensees under the Maine Revised Statutes, Title 24-A and Title 24 to respond to all inquiries of the superintendent within 14 days of receipt of the inquiry. Current law requires licensees under Title 24-A to respond to inquiries that relate to resolution of consumer complaints involving the licensee within the 14-day time frame and to all other inquiries within 30 days. The bill also requires licensees to respond to followup inquiries within 5 days of receipt.

32 5. It makes other technical corrections.