

LD 6, An Act To Revise Certain Financial Regulatory Provisions of the Maine Insurance Code

SUMMARY:

This bill updates several provisions of the Maine Insurance Code by incorporating recent amendments to model laws adopted by the National Association of Insurance Commissioners, or NAIC, and making related technical changes.

It corrects a conflict in the law governing examination of insurers by the Superintendent of Insurance and eliminates obsolete transition language.

It clarifies that adjudicatory proceedings conducted under the Maine Revised Statutes, Title 24-A, section 222 to review changes of control of domestic insurers are governed by the same procedural requirements as other Department of Professional and Financial Regulation, Bureau of Insurance adjudicatory proceedings and that multistate proceedings conducted under Maine law are considered public proceedings to the same extent as single state proceedings subject only to the exceptions expressly enumerated in Title 24-A, section 222, subsection 7-A, paragraph D.

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SUMMARY (cont'd):

It clarifies that when an insurer or insurance group is required to conduct an own risk and solvency assessment, the assessment must be conducted in compliance with the NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual, as well as include the summary report as required under current law.

It corrects a conflict between Title 24-A, section 731-B, subsections 1 and 3, clarifying that subsection 1 is not the exclusive mechanism by which credit for reinsurance may be granted, and clarifies that section 731-B, subsection 3 allows other forms of security to the extent authorized by the Superintendent of Insurance by rule.

It provides that documents that a certified reinsurer is required to file are not public records if they are confidential under the laws of the reinsurer's domiciliary jurisdiction.

It brings Maine into compliance with the bilateral agreements entered into by the United States with the European Union and the United Kingdom by enacting the 2019 amendments to the NAIC Credit for Reinsurance Model Law, which provide a mechanism for large, financially strong non-United States reinsurers to qualify for eligibility by reciprocity to assume reinsurance from domestic insurers without posting security.

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SUMMARY (cont'd):

It corrects a NAIC drafting error from 2000 that inadvertently transposed the content of the definitions of "repurchase transaction" and "reverse repurchase transaction."

It corrects an inconsistency between Title 24-A, section 4215, subsection 1, which requires health maintenance organizations, or HMOs, to be examined by the Superintendent of Insurance at least every 3 years, and Title 24-A, section 221, which applies to HMOs pursuant to Title 24-A, section 4222-B, subsection 5 and which permits the examination period to be extended to 5 years. It also authorizes the superintendent to accept the domiciliary chief regulatory official's examination in satisfaction of Maine's requirement when a company is domiciled outside Maine. The purpose of these amendments is to allow Maine to participate in coordinated examinations with synchronized schedules for HMOs that are members of insurance groups.

It amends the reciprocity provisions of Maine's receivership laws by recognizing as reciprocal states those states with laws determined by the Superintendent of Insurance to be adequate or substantially similar to the NAIC's model insolvency laws, and brings Maine into conformity with the NAIC's guidelines for interstate recognition of stays and 36 injunctions in receivership.

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ISSUES FOR CONSIDERATION:

1. LD 6 reflects the language unanimously supported by HCIFS Committee in 129th Legislature in [LD 2026](#), An Act To Revise Certain Financial Regulatory Provisions of the Maine Insurance Code. LD 2026 was voted OTP by HCIFS and reported out of committee, but was not taken up in any special session before termination of the 129th Legislature.

2. As drafted, LD 6 provides that documents filed by an assuming insurer with the Superintendent are not public records if those records would be confidential under the laws of the assuming insurer's domiciliary jurisdiction. See page 6 of the bill. Pursuant to 1 MRSA §434, any legislation proposing a new public records exception must be reviewed by the Judiciary Committee. If committee moves forward, the language must be referred to JUD for further review. Last session, the Judiciary Committee previously reviewed the same language that was included in LD 2026 and recommended no changes. See [memo](#) from Judiciary Committee

3. As drafted, LD 6 authorizes the Superintendent to adopt rules to implement the bill's changes related to the credit for reinsurance provisions. Under existing law in 24-A MRSA §731-B, sub-§7, those rules are designated as routine technical and not subject to further legislative approval before adoption. Consider changing designation to "major substantive" if intent is to require legislature review and approval before final adoption?

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ISSUES FOR CONSIDERATION (cont'd):

4. As drafted, LD 6 would take effect 90 days following adjournment of the First Regular Session. Consider adding an emergency preamble and clause so that the bill, if enacted, would become effective once signed by Governor? Emergency legislation would require 2/3 vote of both House and Senate.

5. Written testimony from parties not present at hearing: Lloyd's of London and ACLI(American Council of Life Insurers) submitted written testimony supporting LD 6.

FISCAL INFORMATION:

No fiscal impact