

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Ban Discretionary Clauses in Life and Health Insurance Policies

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 24-A MRSA §2501, as amended by PL 2009, c. 244, Pt. I, §1, is further amended to read:

§ 2501. Scope of chapter

This chapter applies only to contracts of life insurance and annuities, other than reinsurance, group life insurance and group annuities, except that:

1. Section 2537 also applies as to group life insurance and group annuity contracts; and
2. Sections 2541 to 2551 apply to group annuities other than those exempted by section 2542.; and
3. Section 2557 also applies to group life insurance and group annuity contracts.

Sec. 2. 24-A MRSA §2557 is enacted to read:

§ 2557. Absolute discretion clauses

A policy, contract or certificate offered, delivered, issued or renewed for delivery in this State by an insurer to provide life insurance or annuity benefits may not contain a provision purporting to reserve sole or absolute discretion to the insurer to interpret the terms of the contract or to provide standards of interpretation or review that are inconsistent with the laws of this State. An insurer may not enforce a provision in a policy, contract or certificate that was offered, executed, delivered or issued for delivery in this State and has been continued or renewed by a group policy holder or individual enrollee in this State that purports to reserve sole or absolute discretion to the insurer to interpret the terms of the contract or to provide standards of interpretation or review that are inconsistent with the laws of this State.

Sec. 3. 24-A MRSA §2770 is enacted to read:

§ 2770. Absolute discretion clauses

An individual health insurance policy, contract or certificate may not contain a provision purporting to reserve sole or absolute discretion to the insurer to interpret the terms of the contract or to provide standards of interpretation or review that are inconsistent with the laws of this State. An insurer may not enforce a provision in a policy, contract or certificate that was offered, executed, delivered or issued for delivery in this State and has been continued or renewed by an individual enrollee in this State that purports to reserve sole or absolute discretion to the insurer to interpret the terms of the contract or to provide standards of interpretation or review that are inconsistent with the laws of this State.

Sec. 4. 24-A MRSA §2847-V is enacted to read:

§ 2847-V. Absolute discretion clauses

A group health insurance policy, contract or certificate may not contain a provision purporting to reserve sole or absolute discretion to the insurer to interpret the terms of the contract or to provide standards of interpretation or review that are inconsistent with the laws of this State. An insurer may not enforce a provision in a policy, contract or certificate that was offered, executed, delivered or issued for delivery in this State and has been continued or renewed by a group policy holder in this State that purports to reserve sole or absolute discretion to the insurer to interpret the terms of the contract or to provide standards of interpretation or review that are inconsistent with the laws of this State.

Sec. 5. 24-A MRSA §4260 is enacted to read:

§ 4260. Absolute discretion clauses

An individual or group health maintenance organization policy, contract or certificate may not contain a provision purporting to reserve sole or absolute discretion to the insurer to interpret the terms of the contract or to provide standards of interpretation or review that are inconsistent with the laws of this State. An insurer may not enforce a provision in a policy, contract or certificate that was offered, executed, delivered or issued for delivery in this State and has been continued or renewed by a group policy holder or individual enrollee in this State that purports to reserve sole or absolute discretion to the insurer to interpret the terms of the contract or to provide standards of interpretation or review that are inconsistent with the laws of this State.

SUMMARY

This bill adds a provision in the individual and group life insurance and health insurance and health maintenance organization provisions in the Maine Insurance Code that prohibits the inclusion or enforcement of a contract provision allowing the insurer sole or absolute discretion to interpret the terms of the insurance contract.