



129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 1089

S.P. 321

In Senate, March 5, 2019

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

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

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator CARPENTER of Aroostook.

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

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

4 **§2501. Scope of chapter**

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

7 1. Section 2537 also applies as to group life insurance and group annuity contracts;
8 ~~and~~

9 2. Sections 2541 to 2551 apply to group annuities other than those exempted by
10 section 2542-; and

11 3. Section 2557 also applies to group life insurance and group annuity contracts.

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

13 **§2557. Absolute discretion clauses**

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

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

25 **§2770. Absolute discretion clauses**

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

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

