



Janet T. Mills  
Governor

STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL  
AND FINANCIAL REGULATION  
BUREAU OF INSURANCE  
34 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0034

Eric A. Cioppa  
Superintendent

**TESTIMONY OF ERIC A. CIOPPA  
SUPERINTENDENT OF INSURANCE  
BUREAU OF INSURANCE  
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
In Opposition to L.D. 1628**

**“An Act To Exempt Nonprofit Agricultural Membership Organizations from  
Insurance Requirements”**

**Presented by Senator Harold Stewart  
Before the Joint Standing Committee on Health Coverage, Insurance &  
Financial Services**

**May 5, 2021 at 1:35 p.m.**

Senator Sanborn, Representative Tepler, and members of the Committee,  
I am Superintendent of Insurance Eric Cioppa. I am here today to testify in  
opposition to L.D. 1628.

This bill would create an exemption from the definition of health insurance  
in the Insurance Code,<sup>1</sup> which would allow a qualifying statewide nonprofit  
agricultural membership organization to provide health benefits coverage to its  
members, their dependents, and “others,” which we read to mean the general

---

<sup>1</sup> 24-A M.R.S. § 704.



PRINTED ON RECYCLED PAPER

OFFICES LOCATED AT 76 NORTHERN AVENUE, GARDINER, MAINE 04345  
[www.maine.gov/insurance](http://www.maine.gov/insurance)

Phone: (207) 624-8475

TTY: Please call Maine Relay 711

Consumer Assistance: 1-800-300-5000

Fax (207) 624-8599

public, without being subject to regulation by the Bureau of Insurance. To qualify for this exemption, the organization must be exempt from taxation under the federal Internal Revenue Code; have been in existence continuously since December 31, 1951; and have an annual audit that is performed by an independent CPA in accordance with generally accepted accounting principles and made available to the public upon request.

The organization would be required to provide written notice to an applicant upon initial application for coverage, and to a covered person at renewal, that: the coverage is not provided by an insurance company; the plan is not subject to the laws and rules relating to insurance companies; the plan is not under the jurisdiction of the Superintendent; and if the plan doesn't pay for eligible medical expenses for any reason, covered individuals may be liable for those expenses.

This exemption would allow a nonprofit agricultural membership organization to provide coverage in Maine that the Bureau could not regulate. Apart from the written notice required by the bill, there would be no standards governing this coverage. A consumer with a complaint about coverage, for example, would have no recourse through the Bureau. No state regulator, except possibly the Office of the Attorney General, would have financial oversight over one of these organizations. It would not have to maintain minimum funding or any actuarial review of its health benefit liabilities.

Financial oversight of insurers is at the core of the Bureau's mission. Financial oversight allows the Bureau to determine whether an insurer is in hazardous financial condition; it includes, for example, risk-based capital requirements, establishment of an enterprise risk management program, asset and

liabilities requirements and credit for reinsurance standards. Insurers file quarterly and annual financial statements, and my staff review them carefully to ensure that insurers participate responsibly in the Maine market.

This would be a type of multiple-employer welfare arrangement (MEWA), and, unfortunately, there is a long history of MEWAs failing when they do not have proper regulatory oversight, including at least one large MEWA established by a legitimate agricultural cooperative, Sunkist Growers.

Thank you, I would be glad to answer any questions now or at the work session.