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HEALTH COVERAGE, INSURANCE AND FINANCIAL SERVICES

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**STATE OF MAINE
SENATE
129TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to S.P. 321, L.D. 1089, Bill, “An Act To Ban Discretionary Clauses in Life and Health Insurance Policies”

Amend the bill by striking out the title and substituting the following:

'An Act To Ban Discretionary Clauses in Disability Income Insurance Policies'

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 24-A MRSA §2770 is enacted to read:

§2770. Absolute discretion clauses

An individual health insurance policy, contract or certificate, including, but not limited to, a disability income 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, to provide standards of interpretation or review, to determine eligibility for benefits, to determine the amount of benefits or to resolve factual disputes. 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 policy holder in this State that purports to reserve sole or absolute discretion to the insurer to interpret the terms of the contract, to provide standards of interpretation or review, to determine eligibility for benefits, to determine the amount of benefits or to resolve factual disputes.

Sec. 2. 24-A MRSA §2847-V is enacted to read:

§2847-V. Absolute discretion clauses

A group health insurance policy, contract or certificate, including, but not limited to, a group disability income 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, to provide standards of interpretation or review, to determine eligibility for benefits, to determine the amount of benefits or to resolve factual disputes.

COMMITTEE AMENDMENT

1 An insurer may not enforce a provision in a policy, contract or certificate that was
2 offered, executed, delivered or issued for delivery in this State and has been continued or
3 renewed by a group policy holder in this State that purports to reserve sole or absolute
4 discretion to the insurer to interpret the terms of the contract, to provide standards of
5 interpretation or review, to determine eligibility for benefits, to determine the amount of
6 benefits or to resolve factual disputes.'

7

SUMMARY

8 This amendment replaces the bill. The amendment prohibits the inclusion or
9 enforcement of a contract provision in individual and group disability income insurance
10 policies allowing the insurer sole or absolute discretion to interpret the insurance contract.