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An Act To Equalize Annuity and Structured Settlement Annuity Benefits with Life Insurance under the Maine Life and Health Insurance Guaranty Association

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, current financial and economic conditions have raised concerns about the financial health of certain insurance companies; and

Whereas, if an insolvency occurs, the maximum amount of funds invested in annuity accounts and protected through the Maine Life and Health Insurance Guaranty Association is only \$100,000; and

Whereas, the maximum benefit amount is increased in this Act from \$100,000 to \$250,000 for the protection of those Maine residents with investments in annuity accounts; and

Whereas, immediate enactment is necessary to provide the maximum protection granted in this Act in the event of an insolvency; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 24-A MRS §4603, sub-§3, ¶B, as enacted by PL 2005, c. 346, §2 and affected by §16, is amended to read:

B. With respect to one life, regardless of the number of policies or contracts:

(1) Three hundred thousand dollars in life insurance death benefits, but not more than \$100,000 in net cash surrender and net cash withdrawal values for life insurance;

(2) The following limits for health insurance benefits:

(a) Three hundred thousand dollars for coverages not defined as disability insurance or basic hospital, medical and surgical insurance or major medical insurance, including any net cash surrender and net cash withdrawal values;

(b) Three hundred thousand dollars for disability and long-term care insurance; or

(c) Five hundred thousand dollars for basic hospital, medical and surgical insurance or major medical insurance; or

(3) ~~One hundred~~Two hundred fifty thousand dollars in the present value of annuity benefits, including net cash surrender and net cash withdrawal values; or

Sec. 2. 24-A MRSA §4603, sub-§3, ¶C, as enacted by PL 2005, c. 346, §2 and affected by §16, is amended to read:

C. With respect to each payee of a structured settlement annuity, or beneficiary or beneficiaries of the payee if deceased, ~~\$100,000~~\$250,000 in present value annuity benefits, in the aggregate, including net cash surrender and net cash withdrawal values.

Sec. 3. Applicability. This Act applies to an insolvency of an insurance company who is a member of the Maine Life and Health Insurance Guaranty Association that occurs on or after the effective date of this Act.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

Effective May 4, 2009.