

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

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**Legislative Document**

**No. 580**

H. P. 474

House of Representatives, February 23, 1977

Referred to Committee on Business Legislation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Peakes of Dexter.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-SEVEN

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**AN ACT to Provide for the Restrictive Licensing of Certain Financial  
Institutions.**

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

24-A MRSA § 1514-A, as enacted by PL 1971, c. 407, is repealed and the following enacted in its place:

§ 1514-A. Financial institutions; agents and solicitors prohibited from employment; exceptions

1. Definitions. As used in this section, unless the context otherwise indicates, the following words shall have the following meanings.

A. "Financial institution" means any bank, bank holding company, savings and loan association, savings and loan association holding company, savings and loan association service corporation, public utility, company operating under the mortgage brokerage laws of this State, and any subsidiary, affiliate or foundation of any of the foregoing. This definition shall not include any financial institution which has been granted an exemption by the Board of Governors of the Federal Reserve System pursuant to section 4 (d) of the Federal Bank Holding Company Act of 1956, as amended, or any financial institution which neither owns more than 10% of the capital stock nor exercises effective control of a bank, savings and loan association or entity licensed under the mortgage brokerage laws of this State, which is licensed or authorized to transact business in this State.

B. "Financial institution agency" means any person, firm, partnership or corporate entity which is engaged in insurance agency activities, as herein

defined, and is associated with, owned, controlled, employed or retained by a financial institution as herein defined.

C. "Insurance agency activities" means the procurement of applications, solicitation, negotiation, selling, effectuating or servicing of any policy or contract of insurance.

2. Prohibition as to banks, savings and loan associations and credit unions. No license as an agent, broker or consultant shall be issued to a bank, a savings and loan association or a credit union, a holding company or subsidiary of any of the foregoing, or any officer, agent, representative or employee thereof other than a director, trustee or other part-time officer. Nothing in this section shall limit the activity of these organizations with respect to credit life and credit health insurance pursuant to chapter 37, group health insurance authorized pursuant to chapter 35 and group life insurance authorized pursuant to chapter 31.

3. Licensed insurance agent or solicitor associated with financial institution. No insurance agent or solicitor licensed by the Bureau of Insurance under the laws of this State, who is associated with, under contract with, retained by or owned or controlled to any degree directly, or indirectly, or who is employed by a financial institution shall engage in insurance agency activities as an employee, officer, director, agent or associate of a financial institution agency.

4. Issuance of license used for prohibited purpose. The Bureau of Insurance shall not grant, renew, continue or permit to exist any license as that agent or solicitor as to any applicant therefor or licensee thereunder if it finds that the license has been or is being or will probably be used by the applicant or licensee for any purpose prohibited by this section.

5. Continued operation of existing financial institution agencies. Notwithstanding any provision of this section, the Bureau of Insurance shall permit the continued operation under the same ownership and control of all financial institution agencies which were in existence and engaged in insurance agency activities as of January 1, 1977. To make possible such continuation, the Bureau of Insurance may license agents and solicitors who are otherwise qualified, as successors to those agents and solicitors who are exempt from this section, and their successors, for so long as the specified financial institution agency continues to function as it was constituted on January 1, 1977; provided that no agent or solicitor so licensed under this section shall be permitted to be employed, or controlled to any degree directly or indirectly, by any financial institution agency, except the particular agency for which he was so licensed as a successor for the purpose of this section.

6. Agent or solicitor serving as officer or director of financial institution. This section shall not prevent an agent or solicitor from serving as an officer or director of a financial institution, provided that he conducts all of his insurance activities free of ownership or control of the financial institution and provided further that the financial institution does not participate directly or indirectly in the earnings from his insurance activities.

7. Exemptions. This section shall not apply to agents or solicitors who were engaged as of January 1, 1977, in activities prohibited by this section and who have been continuously so engaged since that date, but only with respect to the specific type of license held and the financial institution with which the agent or solicitor was associated on that date.

#### STATEMENT OF FACT

The purpose of this bill is to clarify the regulation and control of financial institutions with respect to life and health insurance.