

MAINE STATE LEGISLATURE

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**STATE OF MAINE
114TH LEGISLATURE
SECOND REGULAR SESSION**



**BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE**

JUNE 1990

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**One Hundred and Fourteenth Legislature
Second Regular Session**

**Joint Standing Committee
Bill Summaries**

June 1990

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The summaries are arranged by LD number for each committee.

All Adopted Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action is listed to the right of the title. Committee Reports and Floor Action are abbreviated as follows:

OTP
OTP-ND
OTP-ND-NT
OTP-A
ONTP
LVWD
INDEF PP

Ought to Pass
Ought to Pass in New Draft
Ought to Pass in New Draft, New Title
Ought to Pass as Amended
Ought Not to Pass
Leave to Withdraw
Indefinitely Postponed

Each individual summary was prepared by the analyst or analysts assigned to the committee. But, this document was produced by the efforts of all the office staff, including secretaries: Charlene Raymond, and Valarie Parlin, and especially Laurette Knox who coordinated preparation of the overall document.

Please give us your suggestions and comments on these summaries and tell us of any inaccuracies.

The original bill would have permitted domestic insurance companies to issue stock other than common stock, such as convertible preferred stock, but this provision was deleted.

LD 1820 An Act Requiring the Availability of Insurance Loss Information

PUBLIC 696

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
TARDY	OTP-AM	H-800

SUMMARY

The bill would require insurance companies to respond within 15 days to a written request for loss information from an insured.

The Committee Amendment (H-800) replaces the bill, requires property and casualty insurers to provide loss information to an insured upon request within 30 days of receipt of the request; and prohibits cancellation of a policy for nonpayment of premium until that loss information has been supplied. The amendment also deletes any reference to health insurance.

LD 1832 Resolve, to Investigate the Formation of an Interstate Insurance Compact

LV/WD

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
PRAY THERIAULT BUSTIN ALLEN	LV/WD	

SUMMARY

The resolve would have required the Commission on Interstate Cooperation to investigate whether Maine should join with other states to form an interstate insurance compact. The purpose of the compact would have been to reduce insurance costs and assure availability of certain kinds of insurance.

LD 1843 An Act to Require the Superintendent of Insurance to Review the Requirements for a Certificate of Authority for Certain Captive Medical Malpractice Insurers

**P & S 128
EMERGENCY**

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
PRAY BALDACCI PEDERSON STEVENS P	ONTP MAJ OTP MIN	S-689 CONF COMM AMEND

SUMMARY

LD 1843 would exempt non-United States "captive" insurers from the requirement to obtain a certificate of authority to transact insurance in Maine, but only to the extent that the captive insures the medical malpractice risks of its parent or affiliates.

A Senate Amendment that was not adopted (S-625) would have permitted a domestic captive insurer to obtain a limited certificate of authority to transact certain medical malpractice insurance in Maine, without having to comply with capital and other requirements imposed on insurers. The amendment would only apply to a domestic insurer wholly owned by a domestic hospital or hospital holding company with net worth of \$50,000,000, and only if all risk assumed by the captive insurer is fully reinsured by domestic or

foreign reinsurers, under reinsurance agreements subject to the Superintendent's approval. In addition, the amendment would have required these domestic insurers to provide certain information to the Superintendent of Insurance, no less often than annually.

The Conference Committee Amendment (S-689) replaces the bill and requires the Superintendent of Insurance to review the requirements for obtaining a certificate of authority to determine whether any less stringent requirements would be appropriate for captive insurers described in the amendment. The Superintendent will report his findings and recommendations to the Legislature by September 1, 1990.

LD 1862 An Act Relating to Returned Check Charges LV/WD

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
CURRAN TARDY MAYO DONALD	LV/WD	

SUMMARY

The bill would have repealed the present law which limits to \$2 per check the amount a financial institution may charge a depositor if a check deposited to the depositor's account is returned by the institution on which it was drawn for insufficient funds. There is no limit on the charge that can be made against the account of the person on whose account the check was drawn, and if the check is deposited in the same bank on which it was drawn, only the originator's account may be charged.

The bill was withdrawn, in view of the July 1, 1991, sunset of the present law.

LD 1873 An Act to Require Effective Notification of Cancellation to Insurance Policyholders ONTP

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
JOSEPH KANY BRANNIGAN HANDY	ONTP	

SUMMARY

Under present law, notice of cancellation of an auto insurance policy must be provided by the insurance company to the insured within certain time limits. A post office certificate of mailing is proof of receipt of the notice on the 5th calendar day after mailing. The bill would have required that notice to be sent return receipt requested, and would have permitted insurers to use the returned receipt as conclusive proof that the insured received the notice.

LD 1887 An Act to Amend the Mutual Holding Company Law LV/WD

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
COLLINS CURRAN	LV/WD	

SUMMARY

Present law authorizes a mutual financial institution to reorganize into a mutual holding company by