

# MAINE STATE LEGISLATURE

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**STATE OF MAINE  
115TH LEGISLATURE**

**FIRST REGULAR SESSION  
AND  
FIRST SPECIAL SESSION**

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

**AUGUST 1991**

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**ONE HUNDRED AND FIFTEENTH LEGISLATURE  
FIRST REGULAR SESSION  
AND  
FIRST SPECIAL SESSION  
JOINT STANDING COMMITTEE  
BILL SUMMARIES  
AUGUST 1991**

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 volume is organized alphabetically by committee; within each committee, the summaries are arranged by LD number. A subject index is provided at the beginning of each committee's summaries.

All adopted amendments are listed, by paper number (e.g., H - 584 or S - 222), together with the sponsor for floor amendments. Final action on each bill is listed to the right of the title. Various types of final action are abbreviated as follows:

|                                   |   |
|-----------------------------------|---|
| <b>PUBLIC XXX</b>                 | <i>Chapter # of enacted Public Law</i>                              |
| <b>P&amp;S XXX</b>                | <i>Chapter # of enacted Private &amp; Special Law</i>               |
| <b>RESOLVE XXX</b>                | <i>Chapter # of enacted Resolve</i>                                 |
| <b>CON RES XXX</b>                | <i>Chapter # of Constitutional Resolution passed by both Houses</i> |
| <b>EMERGENCY</b>                  | <i>Enacted law takes effect sooner than 90 days</i>                 |
| <b>CARRIED OVER</b>               | <i>Bill carried over to 2nd Session</i>                             |
| <b>FAILED EMERGENCY ENACTMENT</b> | <i>Bill failed to get 2/3 vote</i>                                  |
| <b>ONTP</b>                       | <i>Ought Not to Pass report accepted</i>                            |
| <b>LVWD</b>                       | <i>Leave to Withdraw report accepted</i>                            |
| <b>INDEF PP</b>                   | <i>Bill Indefinitely Postponed</i>                                  |
| <b>DIED BETWEEN BODIES</b>        | <i>House &amp; Senate disagree; bill died</i>                       |
| <b>VETO SUSTAINED</b>             | <i>Legislature failed to override Governor's Veto</i>               |
| <b>UNSIGNED</b>                   | <i>Not signed by Governor within 10 days</i>                        |
| <b>DIED ON ADJOURNMENT</b>        | <i>Action incomplete when 1st session ended</i>                     |

These summaries were 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.

If you have any suggestions or comments on these summaries, please let us know.

**LD 861      An Act to Repeal the Restriction on Investments in Loans  
Secured by First Mortgages on Real Estate by State-chartered  
Credit Unions**

**PUBLIC 110**

| <b>SPONSOR(S)</b>                    | <b>COMMITTEE REPORT</b> | <b>AMENDMENTS ADOPTED</b> |
|--------------------------------------|-------------------------|---------------------------|
| MAYO<br>ERWIN<br>STEVENS A<br>CONLEY | OTP-AM                  | H-83                      |

**SUMMARY**

Federally chartered credit unions have no restrictions on the percentage of their share capital and surplus that may be invested in loans secured by first mortgages on real estate. Under current law, state-chartered credit unions are restricted to an investment, in such loans, of 35% of their share capital and surplus. This bill repeals Title 9-B, section 855, subsection 3, eliminates this restriction and allows state-chartered credit unions to compete on an equal basis with federal-chartered credit unions.

Committee Amendment "A" (H-83) requires every state-chartered credit union that engages in real estate lending to establish a policy that sets forth standards for this lending area.

**LD 876      An Act to Establish a Competitive Workers' Compensation Fund      ONTP**

| <b>SPONSOR(S)</b>                           | <b>COMMITTEE REPORT</b> | <b>AMENDMENTS ADOPTED</b> |
|---|-------------------------|---------------------------|
| MARTIN J<br>CONLEY<br>MCHENRY<br>MITCHELL E | ONTP                    |                           |

**SUMMARY**

This bill provides for workers' compensation insurance through a state fund, thereby reducing the cost to employers of providing workers' compensation coverage by approximately 30%. The percentage of workers' compensation premiums paid by employers and returned to workers in the form of benefits has traditionally been in the range of 60%, whereas, in 12 states that provide for workers' compensation coverage through a state fund, the percentage of premiums returned as benefits to injured workers is approximately 90%. An additional advantage of this state fund is the retention of both control and investment decisions on this fund in the State's hands, rather than sources outside the State.

This bill provides a competitive state fund that would compete with private insurance, giving state employers a choice of placing their workers' compensation coverage with either private insurance carriers or a state fund. Presumably, state employers would place their coverage in the most cost-efficient fashion. In addition, state employers who choose to remain with private insurance coverage would cause private insurance companies to compete with the state fund, diminishing the desire of private insurance companies to increase their rates on workers' compensation insurance.