

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
116TH LEGISLATURE

FIRST REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

JULY 1993

**Staff:**  
*Jane Orbeton, Legal Analyst*

*Office of Policy and Legal Analysis  
Room 101, State House Station 13  
Augusta, ME 04333  
(207)287-1670*

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DARLENE A. SHORES LYNCH, RESEARCHER  
CARRIE C. McFADDEN, RESEARCHER

STATE OF MAINE  
OFFICE OF POLICY AND LEGAL ANALYSIS  
ROOM 101/107/135  
STATE HOUSE STATION 13  
AUGUSTA, MAINE 04333  
TEL: (207) 287-1670  
FAX (207) 287-1275

**ONE HUNDRED AND SIXTEENTH LEGISLATURE  
FIRST REGULAR SESSION**

**JOINT STANDING COMMITTEE  
BILL SUMMARIES**

**JULY 1993**

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.

The committee report or reports, the prime sponsor for each bill and the lead co-sponsor in each house if one has been designated are listed below each bill title. 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:

<i>PUBLIC XXX</i>	<i>Chapter # of enacted Public Law</i>
<i>P&amp;S XXX</i>	<i>Chapter # of enacted Private &amp; Special Law</i>
<i>RESOLVE XXX</i>	<i>Chapter # of enacted Resolve</i>
<i>CON RES XXX</i>	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>EMERGENCY</i>	<i>Enacted law takes effect sooner than 90 days</i>
<i>CARRIED OVER</i>	<i>Bill carried over to Second Session</i>
<i>ONTP</i>	<i>Ought Not to Pass report accepted</i>
<i>ENACTMENT FAILED</i>	<i>Bill failed to get majority vote</i>
<i>INDEF PP</i>	<i>Bill Indefinitely Postponed</i>
<i>FAILED EMERGENCY ENACTMENT</i>	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED MANDATE ENACTMENT</i>	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>DIED BETWEEN BODIES</i>	<i>House &amp; Senate disagree; bill died</i>
<i>CONF CMTE UNABLE TO AGREE</i>	<i>Committee of Conference formed but unable to agree</i>
<i>VETO SUSTAINED</i>	<i>Legislature failed to override Governor's Veto</i>
<i>UNSIGNED</i>	<i>Not signed by Governor within 10 days</i>
<i>DIED ON ADJOURNMENT</i>	<i>Action incomplete when session ended; bill died</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.

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

4693NRG

In Part G this bill amends the applicability provisions of 2 chapter of the insurance code, which were never amended to reflect recent additions to those chapters.

Committee Amendment "A" (S-99) amends the bill by striking Parts A, B, D and F. It retains Parts C, E and G.

**LD 1051**      **An Act to Authorize Maine Financial Institutions and Credit Unions to Sell Annuities**

PUBLIC 322

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>		<b>AMENDMENTS ADOPTED</b>	
MITCHELL E	OTP-AM	MAJ	H-399	
	ONTP	MIN	S-227	SUMMERS
			S-231	PARADIS J

**SUMMARY**

This bill authorizes financial institutions, credit unions, financial institution holding companies and employees and subsidiaries of those entities to either sell annuities directly or through contracts with 3rd parties who are licensed to sell them.

This bill provides that a financial institution, credit union, financial institution holding company or any employee wishing to sell annuities is subject to the licensing requirements of the Maine Insurance Code. The Superintendent of Insurance is authorized to issue a limited agents license covering only the sale of annuities to such entities and their employees. An agent already licensed to sell annuity products in the State does not need to apply under the limited annuities license section of this provision.

This bill provides that when a financial institution or its licensed employee sells annuities it is subject to the licensing requirements of the Maine Insurance Code.

Committee Amendment "A" (H-399) makes the following changes to the bill:

1. The amendment provides that, if a financial institution, credit union, financial institution holding company or a subsidiary of any such entity chooses to sell annuities through a contract with a licensed 3rd-party insurance agent, that insurance agent may sell only annuity products on the premises of that institution or as the institution's authorized agent.
2. It adds a reference to the existing requirement that if variable annuities are to be sold as part of the licensing process a licensed applicant must show written evidence of successful completion of the minimum National Association of Security Dealers requirements for the sale of variable contracts.
3. A definition has been added to make it clear that the authorization to sell annuities does not include the ability to underwrite annuity products.
4. A provision has been added that requires an agent who sells annuities for a financial institution or credit union who also sells other insurance products, which by law are not allowed to be sold by an agent of the financial institution or credit union, to disclose to the person purchasing the other insurance products that the agent is not acting on behalf of the financial institution or credit union.
5. The amendment clarifies that, in addition to directly selling annuities and arranging for the sale of annuities through licensed 3rd-party agents, financial institutions and credit unions will also be permitted to share commissions like any other agent in connection with the sale of annuities.

6. The amendment provides that, if an employee of a financial institution or credit union or any of their subsidiaries is to be considered an individual employee agent of that entity as part of its qualification for a limited agent's license to sell annuities and that employee has an insurance agent's license to sell products in addition to annuities, the employee's license must be exchanged for a limited license to sell only annuities as an agent of the financial institution or credit union.
7. The amendment defines the applicability of the continuing education requirements of the Maine Revised Statutes, Title 24-A for licensed agents, brokers or consultants and applies those continuing education requirements to limited licenses covering the sale of annuities.
8. This amendment prohibits a financial institution or credit union from entering into an agreement for the sale of annuities on behalf of the financial institution or credit union with an agent who is a director or an agency if the director is an owner or otherwise has a financial interest in the agency. It prohibits an individual who is a member of the board of directors of a financial institution or credit union from being affiliated with that institution for the sale of annuities.
9. This amendment adds a fiscal note.

Senate Amendment "A" to Committee Amendment "A" (S-227) ensures that a purchaser of annuities sold on the premises of a financial institution, credit union or financial institution holding company is adequately informed that the annuities are not insured by the Federal Deposit Insurance Corporation.

Senate Amendment "B" to Committee Amendment "A" (S-231) prohibits an individual licensed to sell annuities from holding a license to sell general lines of life and health insurance if that individual sells annuities. It prohibits financial institutions and credit unions authorized to sell annuities from selling lists of the names of persons purchasing annuities.

**LD 1054      Resolve, Requiring an Audit of the Functions and Records of Workers' Compensation Insurers      ONTP**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>		<b>AMENDMENTS ADOPTED</b>
COFFMAN	ONTP	MAJ	
	OTP-AM	MIN	

**SUMMARY**

This resolve directs the Public Advocate to conduct an audit of the functions and records of the workers' compensation residual market mechanism from 1985 to 1992.

**LD 1055      An Act Related to Documentation of Transaction Fees at Automatic Teller Machines      ONTP**

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>		<b>AMENDMENTS ADOPTED</b>
PARADIS P	ONTP		

**SUMMARY**

This bill requires financial institutions that provide financial services via automatic teller machines or supermarket or department store electronic debit terminals to post notice of any transaction fees. This bill does not mandate what transaction fee may be charged.