

MAINE STATE LEGISLATURE

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STATE OF MAINE
118TH LEGISLATURE

SECOND REGULAR SESSION
AND
SECOND SPECIAL SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE

MAY 1998

MEMBERS:

Sen. Lloyd P. LaFountain III, Chair

Sen. Robert E. Murray, Jr.

Sen. I. Joel Abromson

Rep. Jane W. Saxl, Chair

Rep. Julie Winn

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Rep. Arthur F. Mayo III

Rep. Joseph Bruno

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**ONE HUNDRED EIGHTEENTH LEGISLATURE
SECOND REGULAR AND SECOND SPECIAL SESSIONS**

**Summary Of Legislation Before The Joint Standing Committees
May 1998**

We are pleased to provide this summary of bills that were considered by the Joint Standing Committees of the Maine Legislature. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this Session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills handled by the joint standing committees. It is organized by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

CON RES XXX..... Chapter # of Constitutional Resolution passed by both Houses
CONF CMTE UNABLE TO AGREE.....Committee of Conference unable to agree; bill died
DIED BETWEEN BODIES.....House & Senate disagree; bill died
DIED IN CONCURRENCE.....One body accepts ONTP report; the other indefinitely postpones the bill
DIED ON ADJOURNMENT.....Action incomplete when session ended; bill died
EMERGENCY.....Enacted law takes effect sooner than 90 days
FAILED EMERGENCY ENACTMENT/FINAL PASSAGE.....Emergency bill failed to get 2/3 vote
FAILED ENACTMENT/FINAL PASSAGE.....Bill failed to get majority vote
FAILED MANDATE ENACTMENT.....Bill imposing local mandate failed to get 2/3 vote
INDEF PP.....Bill Indefinitely Postponed
ONTP..... Ought Not To Pass report accepted
OTP ND..... Committee report Ought To Pass In New Draft
OTP ND/NT..... Committee report Ought To Pass In New Draft/New Title
P&S XXX..... Chapter # of enacted Private & Special Law
PUBLIC XXX..... Chapter # of enacted Public Law
RESOLVE XXX..... Chapter # of finally passed Resolve
UNSIGNED.....Bill held by Governor
VETO SUSTAINED.....Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is June 30, 1998 and July 9, 1998 for the Second Special Session. Second Special Session laws include Public Laws beginning with Chapter 718, Private and Special Laws beginning with Chapter 82 and Resolves beginning with Chapter 117.

reinsurance of credit health and credit life insurance and the reinsurance of annuities and life and health insurance written in connection with employee benefit plans of a captive insurer's single parent or association parent.

LD 1929

An Act Concerning Notices Given in Connection with Mortgage Foreclosures

PUBLIC 579

Sponsor(s)
SAXL J

Committee Report
OTP-AM

Amendments Adopted
H-787

The 1995 amendments to the Maine Revised Statutes, Title 14, section 6111 are inconsistent with the provisions of Title 9-A, section 5-110, applicable to consumer credit transactions, and the provisions of the standard so-called Fannie Mae/Freddie Mac uniform mortgages that are utilized by supervised lenders so that these mortgages are marketable on the secondary market. These amendments may cause title problems and do cause confusion to consumers in that, under current law, consumers must receive up to three different notices, all with different deadlines and requirements.

LD 1929 proposed to eliminate the possibility of inconsistencies and confusion by clarifying that consumers' rights to cure defaults with respect to mortgages that are consumer credit transactions are governed by the Maine Consumer Credit Code and that, with respect to mortgages made by supervised lenders that are not consumer credit transactions, consumer's rights to cure defaults are governed by the provisions of the Fannie Mae/Freddie Mac uniform mortgage instruments.

Committee Amendment "A" (H-787) replaced and clarified the bill. The amendment proposed to require that at least 30 days' notice of right to cure be given by mortgagees to any cosigners against whom the mortgagee seeks to enforce the loan or obligation securing the mortgage. It allows notice of right to cure to mortgagors and cosigners to be provided by either certified mail or ordinary mail consistent with the notice of right to cure provisions for consumer credit transactions under the Maine Consumer Credit Code.

The amendment proposed to exempt from the requirements of the Maine Revised Statutes, Title 14, section 6111 mortgages subject to the notice of right to cure provisions of the Maine Consumer Credit Code; mortgages other than first mortgages made subject to the Code by agreement of the parties; and mortgages containing a 30-day notice of right to cure provision when notice is given to the mortgagor and to any cosigner against whom the mortgagee seeks to enforce the mortgage. The amendment makes the exemptions from the Title 14, section 6111 notice requirements applicable to mortgages enforced on or after July 4, 1996.

The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 579 makes changes to Maine Revised Statutes, Title 14, section 1611 governing the notice requirements of right to cure defaults to mortgagors and cosigners before enforcement of a loan or obligation securing a mortgage. It requires that at least 30 days' notice of right to cure be given by mortgagees to any cosigners against whom the mortgagee seeks to enforce the loan or obligation securing the mortgage. It allows notice of right to cure to mortgagors and cosigners to be provided by either certified mail or ordinary mail consistent with the notice of right to cure provisions for consumer credit transactions under the Maine Consumer Credit Code.

Public Law 1997, chapter 579 also exempts from the requirements of Title 14, section 1611 mortgages subject to the notice of right to cure provisions of the Maine Consumer Credit Code; mortgages other than first mortgages made subject to the Code by agreement of the parties; and mortgages containing a 30-day notice of right to cure provision when notice is given to the mortgagor and any cosigner against whom the mortgagee seeks to enforce the loan or obligation securing the mortgage. The exemptions apply to mortgages enforced on or after July 4, 1996.

LD 1943 **An Act to Repeal the Residency Requirement for Credit Union Directors** **PUBLIC 566**

<u>Sponsor(s)</u> SAXL J LAFOUNTAIN		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 1943 proposed to remove the requirement that directors of state-chartered credit unions be residents of the State. The bill also makes state law consistent with federal law applicable to directors of federally chartered credit unions.

Enacted law summary

Public Law 1997, chapter 566 removes the requirement that directors of state-chartered credit unions be residents of the State and makes state law consistent with federal law requirements for directors of federally chartered credit unions.

LD 2034 **An Act to Correct Errors and Inconsistencies in Licensing Requirements for Licensed Insurance Professionals and Insurers** **PUBLIC 592**

<u>Sponsor(s)</u> LAFOUNTAIN		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-462
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LD 2034 proposed to correct errors and inconsistencies and clarify language in the licensing laws for insurance licensees in the areas of service of process, fees, agency licensing, examinations, surplus lines licensing and viatical settlements providers. The Maine Revised Statutes, Title 24-A, section 1431 has been repealed and similar language has been enacted as section 1441-A and section 1432 has been repealed and similar language has been enacted as section 1441-B. This bill also proposed to clarify that a home service contract sold by a licensed real estate broker is not insurance.

Committee Amendment “A” (S-462) proposed to add an exemption to the examination requirements for insurance producer licenses for applicants selling mechanical breakdown insurance only.

The amendment also added a fiscal note to the bill.

Enacted law summary