

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

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Staff:

Colleen McCarthy Reid, Legislative Analyst

Office of Policy and Legal Analysis
Room 101/107/135, 13 State House Station
Augusta, ME 04333
(207)287-1670



Maine State Legislature
OFFICE OF POLICY AND LEGAL ANALYSIS

13 State House Station, Augusta, Maine 04333-0013
 Telephone: (207) 287-1670
 Fax: (207) 287-1275

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.

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

Public Law 1997, chapter 592 corrects errors and inconsistencies and clarifies language in the licensing laws for insurance licensees as a result of the recodification of that chapter of the Maine Insurance Code.

Public Law 1997, chapter 592 also clarifies that a home service contract sold by a licensed real estate broker is not insurance and adds an exemption to the examination requirements for insurance producer licenses for applicants selling mechanical break down insurance only.

LD 2049

An Act to Restore the Managing General Agents Act

**PUBLIC 573
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO DAVIDSON	OTP	

During the last legislative session the Managing General Agents Act was repealed from the Maine Insurance Code. LD 2049 proposed to enact the Managing General Agents Act in the Maine Revised Statutes, Title 24-A, chapter 16, subchapter VIII. The language is similar to the previous law except for the change of the term "agent" to "producer" and internal cross-reference changes.

Enacted law summary

Public Law 1997, chapter 573 enacts the Managing General Agents Act in Maine Revised Statutes, Title 24-A, chapter 16. The Managing General Agents Act was inadvertently repealed in the last legislative session and not reenacted as part of Title 24-A, chapter 16. Public Law 1997, chapter 573 corrects that error.

Public Law 1997, chapter 573 was enacted as an emergency measure effective February 25, 1998; the law applies retroactively to October 1, 1997 to match the effective date of Maine Revised Statutes, Title 24-A, chapter 16.

LD 2050

An Act to Amend the Laws Concerning Life and Health Insurance

PUBLIC 604

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAXL J DAVIDSON	OTP-AM	H-819

LD 2050 proposed to make the following changes to the laws concerning life and health insurance.

In Part A clarify the applicability to multiple-employer welfare arrangements of the consumer protections provided in the Maine Revised Statutes, Title 24-A, chapter 56-A.

In Part B require a notice to terminating employees of their right to purchase an individual medical policy.

In Part C clarify requirements for coverage of newborn children and extends this requirement to health maintenance organizations.

In Part D clarify the law with respect to home health care insurance policies.