

MAINE STATE LEGISLATURE

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*State Of Maine
121st Legislature*

First Regular Session

Bill Summaries

*Joint Standing Committee
on
Insurance and Financial Services*

July 2003

Members:

Sen. Lloyd P. LaFountain III, Chair

Sen. Neria R. Douglass

Sen. Arthur F. Mayo III

Rep. Christopher P. O'Neil, Chair

Rep. Marilyn E. Canavan

Rep. Joseph C. Perry

Rep. Bonita J. Breault

Rep. Anne C. Perry

Rep. Kevin J. Glynn

Rep. Florence T. Young

Rep. Lois A. Snowe-Mello

Rep. Michael A. Vaughan

Rep. Richard G. Woodbury

Staff:

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Maine State Legislature



Office Of Policy And Legal Analysis Office Of Fiscal And Program Review

121st Maine Legislature First Regular Session

Summary Of Legislation Before The Joint Standing Committees

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing and joint select committees of the Maine Legislature this past session. 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 considered by the committees. It is arranged alphabetically by committee name 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:

<i>CARRIED OVER PURSUANT TO HP 1212</i>	<i>Bills carried over to the 2nd Regular Session</i>
<i>CON RES XXX</i>	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i>	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN BODIES</i>	<i>House & Senate disagree; bill died</i>
<i>DIED IN CONCURRENCE</i>	<i>One body accepts ONTP report; the other indefinitely postpones the bill</i>
<i>DIED ON ADJOURNMENT</i>	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i>	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT/FINAL PASSAGE</i>	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</i>	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i>	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>NOT PROPERLY BEFORE THE BODY</i>	<i>Ruled out of order by the presiding officers; bill died</i>
<i>INDEF PP</i>	<i>Bill Indefinitely Postponed</i>
<i>ONTP</i>	<i>Ought Not To Pass report accepted</i>
<i>OTP-ND</i>	<i>Committee report Ought To Pass In New Draft</i>
<i>P&S XXX</i>	<i>Chapter # of enacted Private & Special Law</i>
<i>PASSED</i>	<i>Joint Order passed in both bodies</i>
<i>PUBLIC XXX</i>	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i>	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i>	<i>Bill held by Governor</i>
<i>VETO SUSTAINED</i>	<i>Legislature failed to override Governor's Veto</i>

Please note that the effective date for all non-emergency legislation enacted in the First Regular Session (unless otherwise specified in a particular law) is September 13, 2003.

David C. Elliott, Director
Offices located in Room 215 of the Cross Office Building

Joint Standing Committee on Insurance and Financial Services

The bill requires a credit union to have a written investment policy and removes an outdated reference to the now defunct Federal Savings and Loan Insurance Corporation found in credit union law.

The bill repeals outdated language governing voluntary or involuntary dissolution of a credit union and replaces it with the more modern approach that is consistent with the process followed by the National Credit Union Administration, the federal agency that insures all accounts of each credit union doing business in Maine.

The bill corrects an outdated reference in the credit union conversion statutes.

Committee Amendment "A" (S-141) proposed to do the following.

1. It makes technical changes in the bill to reflect the appropriate terms used in the Maine banking laws and deletes unnecessary references to the recording of documents with the Secretary of State.
2. It increases the threshold asset size for a credit union from \$50,000,000 to \$100,000,000 for the requirement that a credit union employ an independent public accountant to conduct an annual audit of the credit union.

Enacted Law Summary

Public Law 2003, chapter 322 amends outdated laws governing state-chartered credit unions and synchronizes the provisions with federal laws governing federally chartered credit unions. The law also makes technical changes to various provisions in the Maine banking laws.

LD 1540

An Act To Implement the Recommendations of the Health Care System and Health Security Board

ONTP

Sponsor(s)

Committee Report
ONTP

Amendments Adopted

LD 1540 implements the recommendations of the Health Care System and Health Security Board to establish a single-payor health plan for the State. The bill proposed to establish the Maine Single-payor Health Care Plan and requires that the plan begin offering coverage on January 1, 2005. The bill also would establish the Health Security Board to develop recommendations for the implementation and administration of the single-payor plan. Under the bill, the implementation plan and any necessary legislation must be approved by the Legislature before the single-payor plan begins offering coverage.

See related bill LD 20.

LD 1553

An Act To Permit Special Purpose Reinsurance Vehicles

PUBLIC 249

Sponsor(s)
LAFOUNTAIN
YOUNG

Committee Report
OTP

Amendments Adopted

LD 1553 proposed to permit the establishment of special purpose reinsurance vehicles and to establish a regulatory framework for the oversight of activities related to special purpose reinsurance vehicles. Special purpose reinsurance vehicles provide insurers an option other than standard reinsurance as a possible method of transferring

Joint Standing Committee on Insurance and Financial Services

risk at a time when insurers are facing significant increases in reinsurance costs. The bill is substantially similar to the National Association of Insurance Commissioners' Special Purpose Reinsurance Vehicle Model Act and would permit insurers access to special purpose reinsurance vehicles in a marketplace other than those offshore insurance markets where special purpose reinsurance vehicles are already permitted.

A special purpose reinsurance vehicle is an entity established for the exclusive purpose of facilitating the securitization of the risk of one or more ceding insurers as a means of accessing alternative sources of capital and achieving the benefits of securitization. Investors in fully funded insurance securitization transactions provide funds that are available to the special purpose reinsurance vehicle to secure the aggregate limit under a special purpose reinsurance vehicle contract that provides coverage against the occurrence of a triggering event. The creation of special purpose reinsurance vehicles is intended to achieve greater efficiencies in conducting insurance securitizations, to diversify and broaden insurers' access to sources of risk-bearing capital and to make insurance securitization generally available on reasonable terms to as many insurers as possible.

Enacted Law Summary

Public Law 2003, chapter 249 permits establishment of special purpose reinsurance vehicles and establishes a regulatory framework for the oversight of activities related to special purpose reinsurance vehicles. Special purpose reinsurance vehicles provide insurers an option other than standard reinsurance as a possible method of transferring risk.

**LD 1601 An Act To Authorize the Superintendent of Insurance To Establish CARRIED OVER
a Fair Access to Insurance Requirements Plan**

Sponsor(s)
MAYO
O'NEIL

Committee Report

Amendments Adopted

LD 1601 proposes to authorize the Superintendent of Insurance to establish a Fair Access to Insurance Requirements Plan, or FAIR Plan, under certain circumstances, if the superintendent determines, after a public hearing, that in all or any part of the State residential property insurance is not reasonably available in the voluntary market to a substantial number of insurable risks. The FAIR Plan would be developed and administered by the FAIR Plan Association, a nonprofit association appointed by the superintendent that includes members from the insurance industry and the public. The FAIR Plan Association would develop and administer a program for participation by all licensed insurers writing residential property insurance in this State that would make residential property insurance available to applicants in underserved areas whose property is insurable in accordance with reasonable underwriting standards but who, after diligent efforts, are unable to procure such insurance through the voluntary market, as evidenced by 2 declinations from insurers actually writing residential property insurance in this State.