

MAINE STATE LEGISLATURE

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*State Of Maine
122nd Legislature*

*First Regular Session and
First Special Session*

Bill Summaries

*Joint Standing Committee
on
Insurance and Financial Services*

August 2005

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Maine State Legislature

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122nd Legislature
First Regular Session and First Special Session

Summary of Legislation Considered by the Joint Standing Committees
August 2005

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing 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 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. A subject index for each committee is included immediately before the bill summaries for that committee, and a numerical index by LD number is included 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:

- CARRIED OVER Bill Carried Over to Second Regular Session
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
NOT PROPERLY BEFORE THE BODY..... Ruled out of order by the presiding officers; bill died
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 First Regular Session (unless otherwise specified in a particular law) is June 29, 2005; and for non-emergency legislation enacted in the First Special Session is September 17, 2005.

Joint Standing Committee on Insurance and Financial Services

The law provides the framework for the regulation of the sale of securities in this State and retains the licensing requirements for securities entities and professionals. The law also requires that issuers of securities products register those products unless certain conditions are met. Exempt transactions include those securities issued by any issuer up to 10 purchasers, those securities issued by a Maine-based issuer to up to 25 purchasers, and nonpublic offerings.

The law retains the requirement that viatical and life settlement contracts must be treated as securities when sold as an investment and requires that issuers offering or selling viatical and life settlement contracts as investments register with state regulators.

The law increases the maximum administrative fine for securities violations from \$1500 to \$5000.

The law also authorizes the Superintendent of Insurance to conduct rulemaking regarding the suitability of sales of variable annuity products.

LD 541

An Act To Amend the Laws Related to Cancellation and Nonrenewal of Insurance

PUBLIC 114

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO FISCHER	OTP-AM	S-105

LD 541 proposed to amend the uninsured vehicle coverage requirements to clarify that an insurance policy may define the scope of coverage of the policy. This legislation is required as a result of *Butterfield v. Norfolk and Dedham Mutual Fire Insurance Company*, 2004 ME 124 and adopts the position of the dissenting opinion in that case.

This bill also proposed to clarify that a transfer of a policy from an insurer to an affiliate, with notice, is not a cancellation or a nonrenewal of the policy since coverage is in fact being renewed.

Committee Amendment "A" (S-105) replaced the bill. The amendment removed the section of the bill relating to uninsured motorist coverage. The amendment proposed to clarify that a transfer of a policy from an insurer to an affiliate is considered a renewal of a policy and also proposed to clarify that an insured be given notice prior to renewal of any changes in terms that are less favorable to the insured under a policy that has been transferred to an affiliate.

Enacted law summary

Public Law 2005, chapter 114 clarifies that a transfer of a policy from an insurer to an affiliate is considered a renewal of a policy not a cancellation or nonrenewal of that policy. The law also requires that an insured be given notice prior to renewal of any changes in terms that are less favorable to the insured under a policy that has been transferred to an affiliate.