

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

Members:

*Sen. Nancy B. Sullivan, Chair
Sen. Arthur F. Mayo III
Sen. Peter Mills*

*Rep. Anne C. Perry, Chair
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Rep. John R. Brautigam
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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

LD 543 **An Act To Prohibit an Insurer from Cancelling an Insurance Policy due to Ownership of Certain Breeds of Dog** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MITCHELL	ONTP MAJ OTP-AM MIN	

LD 543 proposed to prohibit the cancellation or nonrenewal of a property insurance policy solely on the basis of a policyholder's ownership of a certain breed of dog. The bill also proposed to prohibit an increase in the premium for the policy. The bill's provision does not apply if a dog has been designated as a "dangerous dog" in accordance with state law.

Committee Amendment "A" (S-84) is the minority report of the committee. The amendment proposed to prohibit only the cancellation of a property insurance policy solely on the basis of a policyholder's ownership of a certain breed of dog. The amendment also corrects a reference to the procedure for designating a dog as a "dangerous dog" in accordance with state law. Committee Amendment "A" was not adopted.

LD 568 **An Act To Eliminate the Minimum Premium for Workers' Compensation Insurance** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COWGER MOODY	ONTP	

LD 568 proposed to prohibit workers' compensation insurers from including a minimum premium as part of their rates.

LD 587 **An Act To Make Changes to the Banking Laws** **PUBLIC 82**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP-AM	S-78

LD 587 proposed to make several changes to the banking laws in the Maine Revised Statutes, Title 9-B.

1. The bill amends the definitions of "savings account" and "service corporation" and replaces the terms "capital stock" and "preferred stock" in several sections of the banking laws with the term "equity interest," which is a defined term in the banking laws.
2. The bill clarifies that the Superintendent of Financial Institutions may restrict withdrawal of funds to protect investors.
3. The bill clarifies that both initial and subsequent capital contributions to organize a financial institution must be in the form of cash, unless otherwise approved by the Superintendent of Financial Institutions.

Joint Standing Committee on Insurance and Financial Services

4. The bill enacts language establishing a certificate that is evidence of conversion from a federal to a state charter that will be filed with the Secretary of State.
5. The bill changes the current notification procedure for issuance of new bank capital to an approval process.
6. The bill clarifies that a credit union may organize or invest in a service corporation regardless of its business structure so long as it is structured to limit the credit union's exposure to loss.
7. The bill clarifies the law governing the use of the restricted term "credit union," bringing the law into conformance with the provisions governing use of other restricted terms: "bank," "savings" and "trust."
8. The bill incorporates a provision that requires only those Maine financial institution holding companies that do not have to file notice with the United States Securities and Exchange Commission to first receive approval of the superintendent before issuance of equity interest or capital notes.
9. The bill clarifies the authority of the superintendent to examine a holding company of a nondepository trust company or merchant bank, including its subsidiaries and affiliates.

Committee Amendment "A" (S-78) proposed to clarify that the Superintendent of Financial Institutions may issue a certificate indicating approval of the conversion of a national bank to a state-chartered financial institution and that the certificate issued by the superintendent is conclusive evidence of a conversion. The bill's language only applies to the conversion of a federally chartered savings bank to a state-chartered financial institution.

Enacted law summary

Public Law 2005, chapter 82 makes several changes to the banking laws in the Maine Revised Statutes, Title 9-B.

1. The law amends the definitions of "savings account" and "service corporation" and replaces the terms "capital stock" and "preferred stock" with the term "equity interest."
2. The law clarifies that the Superintendent of Financial Institutions may restrict withdrawal of funds to protect investors.
3. The law clarifies that both initial and subsequent capital contributions to organize a financial institution must be in the form of cash, unless otherwise approved by the Superintendent of Financial Institutions.
4. The law enacts language authorizing the Superintendent of Financial Institutions to issue a certificate as evidence of conversion from a federally-chartered savings bank to a state chartered financial institution.
5. The law changes the current notification procedure for issuance of new bank capital to an approval process.
6. The law clarifies that a credit union may organize or invest in a service corporation regardless of its business structure so long as it is structured to limit the credit union's exposure to loss.
7. The law clarifies the law governing the use of the restricted term "credit union," bringing the law into conformance with the provisions governing use of other restricted terms: "bank," "savings" and "trust."
8. The law incorporates a provision that requires only those Maine financial institution holding companies that do not have to file notice with the United States Securities and Exchange Commission to first receive approval of the superintendent before issuance of equity interest or capital notes.

Joint Standing Committee on Insurance and Financial Services

9. The law clarifies the authority of the superintendent to examine a holding company of a nondepository trust company or merchant bank, including its subsidiaries and affiliates.

LD 590 **An Act Regarding Medical Malpractice Insurance Rate Filings** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS J MARTIN	ONTP	

LD 590 proposed to require the Superintendent of Insurance to make medical malpractice filings open to the public and to hold a public hearing for any filing requesting a rate increase over 5%.

LD 596 **An Act To Make Insurance Coverage Available for Medically Necessary Breast Reduction and Symptomatic Varicose Vein Surgery** **PUBLIC 128**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY A	OTP-AM	H-212

LD 596 proposed to require health insurance carriers doing business in Maine to provide coverage for medically necessary breast reduction and symptomatic varicose vein surgery in individual and group policies, contracts and certificates.

Committee Amendment "A" (H-212) replaced the bill and changed the title. It proposed to change the bill to a mandated offer of coverage and require health insurance carriers to make available coverage for medically necessary breast reduction surgery and symptomatic varicose vein surgery in individual and group policies, contracts and certificates.

Enacted law summary

Public Law 2005, chapter 128 requires health insurance carriers to make available coverage through a mandated offer for medically necessary breast reduction surgery and symptomatic varicose vein surgery in individual and group policies, contracts and certificates.

The law applies to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

LD 600 **An Act To Save the Health Care System Money by Ensuring Timely Denials of Claims** **PUBLIC 58**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	OTP-AM	H-102