

MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 2069

S. P. 654

In Senate, January 23, 1976

Referred to Committee on Business Legislation. Sent down for concurrence and ordered printed.

HARRY N. STARBRANCH, Secretary

Presented by Senator Clifford of Androscoggin.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SIX

AN ACT to Exempt Small Financial Institutions from Certain Insurance Requirements.

Be it enacted by the People of the State of Maine, as follows:

9-B MRSA § 422, sub-§ 1, as enacted by PL 1975, c. 500, § 1, is amended by adding at the end the following:

Except that the superintendent may waive this requirement for financial institutions with assets of less than \$500,000, if such institutions demonstrate to the superintendent that they are satisfying a particular community need which cannot be sufficiently met by other financial institutions and that they have adequate security for their deposits or accounts.

STATEMENT OF FACT

The new financial institutions bill requires all financial institutions to provide insurance coverage of deposits or accounts. Unfortunately, for small community financial institutions, this will effectively put them out of business, since requirements which must be met in order to procure Federal Deposit Insurance such as full-time employees, sophisticated security measures, require assets of at least \$500,000 to justify. This will mean that the small community financial institution, which provides a real service to Maine's citizens in the small communities, will be eliminated unless this modest change in the law becomes effective, to allow the superintendent to exempt the really small institutions from this requirement under special circumstances where the smaller financial institutions are fulfilling a particular community need.