

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
108TH LEGISLATURE
FIRST REGULAR SESSION

(Filing No. H-358)

COMMITTEE AMENDMENT "A" to H.P. 63, L.D. 88, Bill, "AN ACT to Authorize the University of Maine to Execute a Charitable Gift Annuity with a Donor."

Amend the Bill in section 2 by striking out all of the first underlined paragraph of that part designated "§2573" and inserting in its place the following:

'Upon granting to the university a certificate of authority to receive transfers of property, the superintendent shall require it to establish and maintain a reserve fund adequate to meet the future payments under its outstanding contracts including a surplus of 10%, and in any event, not less than an amount computed in accordance with the 1971 Individual Annuity Table or any modification thereof, or such other table of mortality derived from recent annuity experience and with such interest assumption as may be authorized by the superintendent of insurance. Such fund shall be invested in the Federally insured savings accounts of banks, United States Government securities or bonds with a rating of AAA or better.'

Further amend the Bill by striking out in section 2 all of that part designated "§2574." and inserting in its place the following:

'§2574. Filing of agency agreements

The university shall, before making any agreement, file with the superintendent of insurance copies of its forms of agreements with annuitants and a schedule of its maximum annuity rates which shall be computed on the basis of the annuity standard adopted by it for the calculation of its reserves, as to return to the university upon the death of the annuitant a residue at least equal to 1/2 the original gift or other consideration for such annuity.'

Further amend the Bill in section 2 by striking out all subsection 5 of that part designated "§2575."

Further amend the Bill in section 2 by striking out all of that part designated "§2576." and inserting in its place the following:

'§2576. Reinsurance

The university, if it holds a certificate of authority under this chapter, shall reinsure its total liability under an annuity agreement, as defined in section 2575, with an admitted insurer for a single premium. In this event, the university may take credit for the reinsurance in reduction of the amount of the reserve fund it is required to maintain under the provisions of section 2573.'

Further amend the Bill in section 2 by inserting after that part designated "§2576." the following:

'§2577. Examinations

COMMITTEE AMENDMENT to H.P. 63, L.D. 88

The superintendent of insurance shall cause to be examined the reserve fund every 3 years and provide the university with a written report of the financial status of such fund. This shall be done at the expense of the fund.'

Further amend the Bill in section 2 by renumbering that part designated "§2577." to be '§2578.'

Statement of Fact

The purpose of this amendment is to allow the university to enter into annuity contracts with donors and provides for reinsuring a portion of the annuity agreement. The bill will require the superintendent of the Bureau of Insurance to supervise these annuity agreements to protect the donor. The amendment also exempts the university from many provisions of the insurance code which are inapplicable to the university.

Reported by the Committee on Business Legislation.

Reproduced and distributed under the direction of the Clerk of the House.
5/18/77

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