

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

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Legislative Document

No. 304

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S. P. 125

In Senate, February 9, 1977

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

MAY M. ROSS, Secretary

Presented by Senator Pierce of Kennebec.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-SEVEN

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**AN ACT** Requiring Average Net Cost Comparison of Life Insurance  
Companies.

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

Sec. 1. 24-A MRSA § 413, sub-§ 4, as enacted by PL 1969, c. 132, § 1, is amended to read:

4. A complete copy of its financial statement as of not earlier than the December 31st next preceding in form as customarily used in the United States by like insurers, sworn to by at least 2 executive officers of the insurer or certified by the public insurance supervisory official of the insurer's state of domicile, or of entry into the United States, if an alien insurer, such financial statement for life insurers shall be accompanied by a statistical listing of the Interest Adjusted Surrender Net Cost Indices for ages 25, 35 and 50 for durations of 5, 10, 15 and 20 years for ordinary life insurance policies using a percentage of interest and forms as prescribed by the Superintendent of Insurance.

It shall be a requirement that the average net cost index determined by the superintendent for the life insurer applying for a certificate of authority shall not exceed by 50% that of the admitted insurer currently having the lowest such index;

Sec. 2. 24-A MRSA § 415, sub-§ 1, ¶ D is enacted to read:

D. The annual statement filing required in paragraph B shall be accompanied by a statistical listing of the Interest Adjusted Surrender Net Cost

Indices determined as set forth in section 413, subsection 4. The Superintendent of Insurance shall review the indices each year and shall make a valuation of the average net cost index for each insurer. Those insurers whose average net cost index is 50% or more higher than that of the insurer having the lowest average net cost index shall be directed by the superintendent to show cause why its certificate of authority should be continued in force.

#### STATEMENT OF FACT

This bill, if enacted, will aid in establishing and maintaining the credibility of life insurance companies in this State in the consumer interest by setting forth restrictions in the issuance and continuance of certificates of authority for those companies whose average net cost index is 50% more than that company with the lowest average net cost index.