

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1920

H. P. 1862

Office of the Clerk of the House

The Committee on Business Legislation suggested. Approved for introduction by the Legislative Council pursuant to Joint Rule 24.

EDWIN H. PERT, Clerk

Presented by Mrs. Clark of Freeport

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-EIGHT

**AN ACT to Increase the Amount which Qualifies a Financial Institution for Exemption
from Insurance of Deposits on Accounts.**

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, present statute permits the Superintendent of Banking to exempt a financial institution from the requirement of federal insurance of its deposits, if the institution is meeting community needs which cannot be met by another institution and if the institution has adequate security for its deposits or accounts; and

Whereas, this possible exemption only applies to institutions having assets of less than \$250,000; and

Whereas, it has become apparent that this asset limitation is unrealistically low and that continuation of this limitation may very soon result in qualifying institutions having to turn away depositors and thus becoming financially stagnant and subject to takeover by larger financial institutions; and

Whereas, this limitation may therefore cause the end of this type of financial institution and cause the unique community needs which it fulfills to go unmet; and

Whereas, it is the intent of this legislation to remove that threat to the existence of this type of financial institution as soon as possible in order to avoid harm to the depositors of that type of institution and to the community which it serves; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the

meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore

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

9-B MRSA § 422, sub-§ 1, last sentence, as enacted by PL 1975, c. 670, is amended to read:

The superintendent may waive this requirement for a financial institution with assets of less than ~~\$250,000~~ **\$500,000**, if such institution demonstrates to the superintendent that it is satisfying a particular community need which cannot be sufficiently met by other financial institutions and that it has adequate security for its deposits or accounts.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

STATEMENT OF FACT

The purpose of this bill is to increase the amount which qualifies a financial institution for exemption from insurance of deposits on accounts.