

MAINE STATE LEGISLATURE

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3. The **superintendent commission** may designate one or more rating organizations or other agencies to assist ~~him~~ it in gathering such experience and making compilations thereof, and such compilations shall be made available, subject to reasonable rules promulgated by the **superintendent commission**, to insurers and rating organizations.

Sec. 342. 24-A MRSA § 2323, sub-§ 4, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

4. **Each insurer shall report its loss or expense experience to the lawful rating organization or agency of which it is a member or subscriber, but shall not be required to report its loss or expense experience to any rating organization or agency of which it is not a member or subscriber. Any insurer not reporting such experience to a rating organization or other agency may be required to report such experience to the commission. Any report of such experience of any insurer filed with the commission shall be deemed confidential and shall not be revealed by the commission to any other insurer or other person, but the commission may make compilations including such experience.**

Sec. 343. 24-A MRSA § 2324, sub-§ 1, as repealed and replaced by PL 1977, c. 694, § 419, is amended to read:

1. Acting in accordance with the procedures set forth in the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, the **superintendent commission** may promulgate reasonable rules and plans for the interchange of data necessary for the application of rating plans.

Sec. 344. 24-A MRSA § 2324, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. In order to further uniform administration of rate regulatory laws, the **superintendent commission** and every insurer and rating organization may exchange information and experience data with insurance supervisory officials, insurers and rating organizations in other states and may consult with them with respect to rate making and the application of rating systems.

Sec. 345. 24-A MRSA § 2324, sub-§ 3, as amended by PL 1973, c. 585, § 12, is further amended to read:

3. Cooperation among rating organizations or among rating organizations and insurers in rate making or in other matters within the scope of this chapter is authorized, but the filings resulting from such cooperation are subject to all provisions of this chapter which are applicable to filings generally. The **superintendent commission** may review such cooperative activities and practices and if, after a hearing, ~~he~~ it finds that any such activity or practice is unfair or unreasonable or otherwise inconsistent with this chapter, ~~he~~ it may issue a written order specifying in what respects such activity or practices is unfair or unreasonable or otherwise inconsistent with this chapter, and requiring the discontinuance of such activity or practice.

Sec. 346. 24-A MRSA § 2325, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Agreements may be made among casualty insurers with respect to the equitable apportionment among them of insurance which may be afforded applicants who are in good faith entitled to but who are unable to procure such insurance through ordinary methods and such insurers may agree among themselves on the use of reasonable rate modifications for such insurance, such agreements and rate modifications to be subject to the approval of the **superintendent commission**.

Sec. 347. 24-A MRSA § 2325, sub-§ 2, ¶ D, as amended by PL 1973, c. 585, § 12, is further amended to read:

D. Hearings; appeal. A method whereby applicants for insurance, insureds and insurers may have a hearing on grievances and the right of appeal to the **superintendent commission**.

Sec. 348. 24-A MRSA § 2325, sub-§ 3, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

3. **The plan referred to in subsection 2 shall be filed in writing with the commission. The commission shall review the plan as soon as reasonably possible after filing in order to determine whether it meets the requirements set forth in subsection 2, paragraphs A, B, C and D. The plan, unless sooner approved in writing, shall be on file for a waiting period of 30 days before it becomes effective. The plan shall be deemed approved unless disapproved by the commission within the waiting period.**

Subsequent to the waiting period, the commission may disapprove the plan on the grounds that it does not meet the requirements set forth in subsection 2, paragraphs A, B, C and D, but only after a hearing held upon not less than 10 days' written notice to every insurer and rating organization affected, specifying the matters to be considered at such hearing, and only by an order specifying in what respect it finds that the plan fails to meet such requirements, and stating when within a reasonable period thereafter the plan shall be deemed no longer effective. Such order shall not affect any assignment made or policy issued or made prior to the expiration of the period set forth in the order. Amendments to the plan shall be prepared, filed and reviewed in the same manner as herein provided with respect to the original plan.

Sec. 349. 24-A MRSA § 2325, sub-§ 5, as amended by PL 1973, c. 585, § 12, is further amended to read:

5. **If, after hearing, the superintendent commission finds that any activity or practice of any insurer or rating organization in connection with the operation of the plan referred to in subsection 2 is unfair or unreasonable or otherwise inconsistent with this section, he it may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with this section and requiring the discontinuance of such activity or practice.**

Sec. 350. 24-A MRSA § 2326, sub-§ 1, ¶¶ A and B, as amended by PL 1973, c. 585, § 12, are repealed and the following enacted in their place:

A. The commission;

B. Any statistical agency designated by the commission; or

Sec. 351. 24-A MRSA § 2328, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 2328. Examinations

The ~~superintendent~~ **commission** shall examine the affairs, transactions, accounts and records of each rating organization licensed in this State as provided in section 2310, of each advisory organization in this State as defined in section 2321, and of joint underwriters and joint reinsurers as defined in sections 2322, as often as ~~he~~ **it** deems advisable, but not less frequently than once every 5 years. The examination shall be conducted in the same manner and is subject to the same applicable provisions as apply to examination of insurers in chapter 3. The reasonable costs of any such examination shall be paid by the organization or association so examined. In lieu of any such examination, the ~~superintendent~~ **commission** may accept the report of an examination made by the insurance supervisory official of another state, pursuant to the laws of such state.

Sec. 352. 24-A MRSA § 2329, sub-§ 2, as repealed and replaced by PL 1977, c. 694, § 420, is amended to read:

2. The ~~superintendent~~ **commission** may file a complaint with the Administrative Court seeking to suspend the license of any rating organization or insurer which fails to comply with an order of the ~~superintendent~~ **commission** within the time period provided by the order. No ruling of suspension shall become effective until the time prescribed for an appeal has expired, or if an appeal has been taken, until the order of suspension has been affirmed. The duration of the suspension shall be determined by the Administrative Court pursuant to the authority set forth in Title 4, chapter 25.

Sec. 353. 24-A MRSA § 2330, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

§ 2330. Appeals from commission

Any insurer or rating organization aggrieved by any order or decision of the commission may appeal therefrom as provided in section 236. (appeal from the commission).

Sec. 354. 24-A MRSA § 2412, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 2412. Filing, approval of forms

1. No basic insurance policy or annuity contract form, or application form where written application is required and is to be made a part of the policy or

contract, or printed rider or endorsement form or form of renewal certificate, shall be delivered, or issued for delivery in this State, unless the form has been filed with and approved by the **superintendent commission**. This provision shall not apply to surety bonds, or to specially rated inland marine risks, or to policies, riders, endorsements or forms of unique character designed for and used with relation to insurance upon a particular subject, or which relate to the manner of distribution of benefits or to the reservation of rights and benefits under life or health insurance policies and are used at the request of the individual policyholder, contract holder or certificate holder. As to group insurance policies effectuated and delivered outside this State but covering persons resident in the State, the group certificates to be delivered or issued for delivery in this State and shall be filed, for the **superintendent's commission's** information only, with the **superintendent commission** at **his its** request. As to forms for use in property, marine other than wet marine and transportation insurance, casualty and surety insurance coverages, the filing required by this subsection may be made by rating organizations on behalf of its members and subscribers; but this provision shall not be deemed to prohibit any such member or subscriber from filing any such forms on its own behalf.

2. Every such filing shall be made not less than 30 days in advance of any such delivery. At the expiration of such 30 days, the form so filed shall be deemed approved unless prior thereto it has been affirmatively approved or disapproved by order of the **superintendent commission**. Approval of any such form by the **superintendent commission** shall constitute a waiver of any unexpired portion of such waiting period. The **superintendent commission** may extend by not more than an additional 30 days the period within which **he it** may so affirmatively approve or disapprove any such form, by giving notice to the insurer of such extension before expiration of the initial 30 days period. At the expiration of any such period as so extended, and in the absence of such prior affirmative approval or disapproval, any such form shall be deemed approved. The **superintendent commission** may at any time, after hearing and for cause shown, withdraw any such approval.

3. Any order of the **superintendent commission** disapproving any such form or withdrawing a previous approval shall state the grounds therefor and the particulars thereof in such detail as reasonably to inform the insurer thereof. Any such withdrawal of a previously approved form shall be effective at expiration of such period, not less than 30 days after the giving of the order of withdrawal, as the **superintendent commission** shall in such order prescribe.

4. The **superintendent commission** may, by order, exempt from the requirements of this section for so long as **he it** deems proper any insurance document or form or type thereof as specified in such order, to which, in **his its** opinion, this section may not practicably be applied, or the filing and approval of which are, in **his its** opinion, not desirable or necessary for the protection of the public.

5. Appeals from orders of the ~~superintendent~~ **commission** disapproving any such form or withdrawing a previous approval may be taken as provided in sections 229 to 236.

Sec. 355. 24-A MRSA § 2413, sub-§ 1, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

The ~~superintendent~~ **commission** shall disapprove any form filed under section 2412, or withdraw any previous approval thereof, only on one or more of the following grounds:

Sec. 356. 24-A MRSA § 2414, sub-§§ 1, 2 and 3, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. Insurance contracts shall contain such standard or uniform provisions as are required by the applicable provisions of this Title pertaining to contracts of particular kinds of insurance. The ~~superintendent~~ **commission** may waive the required use of a particular provision in a particular insurance policy form if:

A. ~~He~~ **It** finds such provision unnecessary for or unrelated to the protection of the insured and inconsistent with the purposes of the policy, and

B. The policy is otherwise approved by ~~him~~ **it**.

2. No policy shall contain any provision inconsistent with or contradictory to any standard or uniform provision used or required to be used, but the ~~superintendent~~ **commission** may approve any substitute provision which is, in ~~his~~ **its** opinion, not less favorable in any particular to the insured or beneficiary than the provisions otherwise required.

3. In lieu of the provisions required by this Title for contracts for particular kinds of insurance, substantially similar provisions required by the law of the domicile of a foreign or alien insurer may be used when approved by the ~~superintendent~~ **commission**.

Sec. 357. 24-A MRSA § 2417, sub-§ 2, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

Two or more insurers may, with the approval of the ~~superintendent~~ **commission**, issue a combination policy which shall contain provisions substantially as follows:

Sec. 358. 24-A MRSA § 2525, sub-§ 4, as amended by PL 1973, c. 585, § 12, is further amended to read:

4. Nothing contained in this section shall prohibit any provision which in the opinion of the ~~superintendent~~ **commission** is more favorable to the policyholder than a provision permitted by this section.

Sec. 359. 24-A MRSA § 2529, sub-§ 1, first ¶, as last amended by PL 1973, c. 585, § 12, is further amended to read:

In the case of policies issued on or after January 1, 1970, no policy of life insurance, except as stated in section 2534, shall be issued or delivered in this

State, unless it shall contain in substance the following provisions, or corresponding provisions which in the opinion of the ~~superintendent~~ **commission** are at least as favorable to the defaulting or surrendering policyholder:

Sec. 360. 24-A MRSA § 2531, sub-§ 4, last sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

For insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the insurer and approved by the ~~superintendent~~ **commission**.

Sec. 361. 24-A MRSA § 2537, sub-§ 4, as last amended by PL 1973, c. 585, § 12, is further amended to read:

4. Unless otherwise approved by the ~~superintendent~~ **commission**, assets allocated to a separate account shall be valued at their market value on the date of valuation, or if there is no readily available market, then in accordance with the terms of the contract or the rules or other written agreement applicable to such separate account; except, that unless otherwise approved by the ~~superintendent~~ **commission**, the portion of the assets of such separate account at least equal to the insurer's reserve liability with regard to the guaranteed benefits and funds referred to in section 1128, if any, shall be valued in accordance with rules otherwise applicable to the insurer's assets.

Sec. 362. 24-A MRSA § 2537, sub-§ 6, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

No insurer shall deliver or issue for delivery within this State any contract or agreement providing benefits in variable amounts under this section, unless it is duly authorized to conduct a life insurance or annuity business within this State and has satisfied the ~~superintendent~~ **commission** that its condition or methods of operation in connection with the issuance of such contracts or agreements will not render its operation hazardous to the public or its policyholders in this State. In determining the qualification of an insurer requesting such authority, the ~~superintendent~~ **commission** shall consider, among other things:

Sec. 363. 24-A MRSA § 2537, sub-§ 6, last ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

An insurer which issues variable contracts and which is a subsidiary of, or affiliated through common management or ownership with, another life insurer authorized to transact business in this State may be deemed by the ~~superintendent~~ **commission** to have met the provisions of this subsection, if either it or the parent or affiliated insurer meets the requirements hereof.

Sec. 364. 24-A MRSA § 2537, sub-§ 8, ¶B, as amended by PL 1973, c. 585, § 12, is further amended to read:

B. By a transfer of securities having a readily determinable market value, provided that such transfer of securities is approved by the ~~superintendent~~ **commission**. The ~~superintendent~~ **commission** may approve other transfers among such accounts if, in ~~his~~ **its** opinion, such transfers would not be inequitable.

Sec. 365. 24-A MRSA § 2537, sub-§ 11, as last amended by PL 1973, c. 585, § 12, is further amended to read:

11. Notwithstanding any other provision of law, the **superintendent commission** shall have sole authority to regulate the issuance and sale of variable contracts and to promulgate such rules and regulations as may be necessary for the effectuation of this section.

Sec. 366. 24-A MRSA § 2571, as enacted by PL 1977, c. 261, § 2, is amended to read:

§ 2571. Eligibility

The University of Maine may receive transfers of property, conditioned upon its agreement to pay an annuity to the transferer or his nominee, after obtaining from the **superintendent commission** a certificate of authority to do so.

Sec. 367. 24-A MRSA § 2572, first and 2nd ¶¶, as enacted by PL 1977, c. 261, § 2, are amended to read:

The University of Maine, hereafter in this chapter called the "university," shall not transact in this State the business described in this chapter without first procuring a certificate of authority from the **superintendent commission** for that purpose. Application for this certificate shall be made on a form prescribed by the **commissioner commission** accompanied by a filing fee of \$25. This certificate shall not be granted until the university conforms to the requirements of this chapter and the laws of this State prerequisite to its issue. After its issue the university shall continue to comply with the requirements of this chapter and the laws of this State. Where a hearing is held under this section the proceedings shall be conducted in accordance with chapter 3 and the **superintendent commission** shall have all of the powers granted in that chapter.

Subject to the annual fee provision of this section, every certificate of authority issued or held under this chapter shall be for an indefinite term and, unless sooner revoked by the **superintendent commission**, shall terminate upon occurrence of any of the following:

Sec. 368. 24-A MRSA § 2572, sub-§ 3, as enacted by PL 1977, c. 261, § 2, is repealed and the following enacted in its place:

3. Surrender of certificate. In any event upon surrender by the university of its certificate of authority and cancellation of that certificate by the commission.

Sec. 369. 24-A MRSA § 2572, last 2 ¶¶, as enacted by PL 1977, c. 261, § 2, are amended to read:

The **superintendent commission** shall not cancel a surrendered certificate of authority until ~~he~~ it is satisfied by examination, or otherwise, that the university has discharged its annuity liabilities to residents of this State or satisfactorily reinsured those liabilities.

Notwithstanding the preceding provisions for a certificate of authority of indefinite term, if the university holds a certificate of authority under this chapter, it shall owe and pay in advance to the **superintendent commission** an annual fee of \$25 on account of that certificate of authority until its final termination or revocation. This fee shall be for annual periods commencing on July 1st of each year and ending on June 30th of each year, shall be due on each March 1st and, if not paid, shall be delinquent on and after each April 1st.

Sec. 370. 24-A MRSA § 2573, as enacted by PL 1977, c. 261, § 2, is amended to read:

§ 2573. Reserve requirements

Upon granting to the university a certificate of authority to receive transfers of property, the **superintendent commission** 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~~ **commission**. 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.

For any failure on the part of the university to establish and maintain this reserve fund, the **superintendent commission** shall revoke its certificate of authority.

Sec. 371. 24-A MRSA § 2574, as enacted by PL 1977, c. 261, § 2, is amended to read:

§ 2574. Filing of agency agreements

The university shall, before making any agreement, file with the ~~Superintendent of Insurance~~ **commission** 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.

Sec. 372. 24-A MRSA § 2577, as enacted by PL 1977, c. 261, § 2, is amended to read:

§ 2577. Examinations

The ~~Superintendent of Insurance~~ **commission** 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.

Sec. 373. 24-A MRSA § 2604, sub-§ 4, as repealed and replaced by PL 1977, c. 672, § 1, is amended to read:

4. The amount of credit life insurance shall at no time exceed the unpaid amount financed plus earned interest and an allowance for delinquencies as determined by the ~~superintendent~~ **commission** or, in the case of open-end credit, the balance upon which a finance charge may be imposed plus earned interest and an allowance for delinquencies as determined by the ~~superintendent~~ **commission**. Where the indebtedness is repayable in one sum to the creditor, the insurance on the life of any debtor shall in no instance be in effect for a period in excess of 18 months, except that such insurance may be continued for an additional period not exceeding 6 months in the case of default, extension or recasting of the loan.

Sec. 374. 24-A MRSA § 2613, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

No policy of group life insurance shall be delivered in this State, unless it contains in substance the provisions set forth in sections 2613 to 2624 or provisions which in the opinion of the ~~superintendent~~ **commission** are more favorable to the persons insured, or at least as favorable to the persons insured and more favorable to the policyholder; except that:

Sec. 375. 24-A MRSA § 2613, sub-§ 3, as amended by PL 1973, c. 585, § 12, is further amended to read:

3. If the group life insurance policy is on a plan of insurance other than the term plan, it shall contain a nonforfeiture provision or provisions which in the opinion of the ~~superintendent~~ **commission** is or are equitable to the insured persons and to the policyholder, but nothing herein shall be construed to require that group life insurance policies contain the same nonforfeiture provisions as are required for individual life insurance policies.

Sec. 376. 24-A MRSA § 2703, sub-§ 7, as amended by PL 1973, c. 585, § 12, is further amended to read:

7. The policy shall contain no provision purporting to make any portion of the charter, rules, constitution or bylaws of the insurer a part of the policy unless such portion is set forth in full in the policy, except in the case of the incorporation of, or reference to, a statement of rates or classification of risks, or short-rate table filed with the ~~superintendent~~ **commission**.

Sec. 377. 24-A MRSA § 2704, sub-§§ 1 and 2, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. Except as provided in subsection 2, each such policy delivered or issued for delivery to any person in this State shall contain the provisions specified in sections 2705 to 2716, in the words in which the same appear; except that the insurer may, at its option, substitute for one or more of such provisions corresponding provisions of different wording approved by the ~~superintendent~~ **commission** which are in each instance not less favorable in any respect to the insured or the beneficiary. Each such provisions shall be preceded individually by the applicable caption shown, or, at the option of the insurer, by such appropriate individual or group captions or subcaptions as the ~~superintendent~~ **commission** may approve.

2. If any such provision is in whole or in part inapplicable to or inconsistent with the coverage provided by a particular form of policy, the insurer, with the approval of the ~~superintendent~~ **commission**, shall omit from such policy any inapplicable provision or part of a provision, and shall modify any inconsistent provision or part of a provision in such manner as to make the provision as contained in the policy consistent with the coverage provided by the policy.

Sec. 378. 24-A MRSA § 2718, as last amended by PL 1973, c. 585, § 12, is further amended to read:

§ 2718. Optional policy provisions

Except as provided in section 2704, subsection 2, no such policy delivered or issued for delivery to any person in this State shall contain provisions respecting the matters set forth in sections 2719 to 2728, unless such provisions are in the words in which the same appear in the applicable section, except that the insurer may, at its option, use in lieu of any such provision a corresponding provision of different wording approved by the ~~superintendent~~ **commission** which is not less favorable in any respect to the insured or the beneficiary. Any such provision contained in the policy shall be preceded individually by the appropriate caption or, at the option of the insurer, by such appropriate individual or group captions or subcaptions as the ~~superintendent~~ **commission** may approve.

Sec. 379. 24-A MRSA § 2722, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. If the foregoing policy provision is included in a policy which also contains the policy provision set out in section 2723 there shall be added to the caption of the foregoing provision the phrase “—expense incurred benefits.” The insurer may, at its option, include in this provision a definition of “other valid coverage,” approved as to form by the ~~superintendent~~ **commission**, which definition shall be limited in subject matter to coverage provided by organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province of Canada, and by hospital or medical service organizations, and to any other coverage the inclusion of which may be approved by the ~~superintendent~~ **commission**. In the absence of such definition such term shall not include group insurance, automobile medical payments insurance, or coverage provided by hospital or medical service organization or by union welfare plans or employer or employee benefit organizations. For the purpose of applying the foregoing policy provision with respect to any insured, any amount of benefit provided for such insured pursuant to any compulsory benefit statute, including any ~~workmen’s~~ **worker’s** compensation or employer’s liability statute, whether provided by a governmental agency or otherwise shall in all cases be deemed to be “other valid coverage” of which the insurer has had notice. In applying the foregoing policy provision no third party liability coverage shall be included as “other valid coverage.”

Sec. 380. 24-A MRSA § 2723, sub-§ 2, 2nd sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

The insurer may, at its option, include in this provision a definition of "other valid coverage," approved as to form by the ~~superintendent~~ **commission**, which definition shall be limited in subject matter to coverage provided by organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province of Canada, and to any other coverage the inclusion of which may be approved by the ~~superintendent~~ **commission**.

Sec. 381. 24-A MRSA § 2724, last 2 sentences, as amended by PL 1973, c. 585, § 12, are further amended to read:

The insurer may, at its option, include in this provision a definition of "valid loss of time coverage," approved as to form by the ~~superintendent~~ **commission**, which definition shall be limited in subject matter to coverage provided by governmental agencies or by organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any Province of Canada, or to any other coverage the inclusion of which may be approved by the ~~superintendent~~ **commission** or any combination of such coverages. In the absence of such definition such term shall not include any coverage provided for such insured pursuant to any compulsory benefit statute, including any ~~workmen's~~ **worker's** compensation or employer's liability statute, or benefits provided by union welfare plans or by employer or employee benefit organizations.

Sec. 382. 24-A MRSA § 2729-A, 2nd ¶, as enacted by PL 1975, c. 471, § 1, is amended to read:

A policy may contain a provision that allows such payments, if that provision is approved by the ~~superintendent~~ **commission**, and if that provision requires the prior written approval of the insured and allows such payments only on a just and equitable basis and not on the basis of a priority lien. A just and equitable basis shall mean that any factors that diminish the potential value of the insured's claim shall likewise reduce the share in the claim for those claiming payment for services or reimbursement. Such factors shall include, but are not limited to:

Sec. 383. 24-A MRSA § 2733, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

§ 2733. Policies issued for delivery in another state

If any policy is issued by a domestic insurer for delivery to a person residing in another state and if the insurance commission or corresponding public official of such other state has informed the commission that any such policy is not subject to approval or disapproval by such official, the commission may by ruling require that the policy meet the standards set forth in sections 2703 to 2732.

Sec. 384. 24-A MRSA § 2736, sub-§§ 1 and 2, as repealed and replaced by PL 1977, c. 493, § 3, are amended to read:

1. Filing of rate information. Every insurer issuing individual health insurance policies for delivery in this State shall file with the ~~superintendent~~ **commission**, every rate, rating formula and classification of risks pertaining to such policies and every modification of any of the foregoing which it proposes to use. Every such insurer shall file with the ~~superintendent~~ **commission**, except as to group policy rates, every rate and rating formula and every modification of any of the foregoing which it proposes to use. Every such filing shall state the effective date thereof. Every such filing shall be made not less than 30 days in advance of the stated effective date unless such 30-day requirement is waived by the ~~superintendent~~ **commission**, and the effective date may be suspended by the ~~superintendent~~ **commission** for a period of time not to exceed 30 days.

2. Rate filing; public information. When a filing is not accompanied by the information upon which the insurer supports such filing, and the ~~superintendent~~ **commission** does not have sufficient information to determine whether such filing meets the requirements that rates shall not be excessive, inadequate or unfairly discriminatory, the ~~superintendent~~ **commission** shall require the insurer to furnish the information upon which it supports the filing. A filing and any ~~supporting~~ **supporting** information shall be open to public inspection after the filing becomes effective.

Sec. 385. 24-A MRSA § 2736-A, first and 2nd sentences as enacted by PL 1977, c. 493, § 4, are amended to read:

If, at any time, the ~~superintendent~~ **commission** has reason to believe that a filing does not meet the requirements that rates shall not be excessive, ~~inadequate~~ **inadequate** or unfairly discriminatory and violates any of the provisions of chapter 23, ~~he~~ **it** shall, after a hearing held upon not less than 10 days' written notice to the insurer making the filing specifying the matters to be considered at such hearing, issue an order specifying in what respects, if any, ~~he~~ **it** finds that such filing fails to meet the requirements that rates shall not be excessive, inadequate or unfairly discriminatory and stating when, within a reasonable time period thereafter, such filing shall be deemed no longer effective. The ~~superintendent~~ **commission** shall have the burden of proof at any hearing concerning a determination that the rates are excessive, inadequate or unfairly discriminatory.

Sec. 386. 24-A MRSA § 2738, first ¶, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

The commission shall have the right to make the following requirements:

Sec. 387. 24-A MRSA § 2738, sub-§ 1, 2nd sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

The caption shall be clear and definite and shall be approved by the ~~superintendent~~ **commission**; but anyone of the following captions is acceptable:

Sec. 388. 24-A MRSA § 2808, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 2808. Other groups

A group of individuals may be insured under a policy issued to any person or organization to which a policy of group life insurance may be issued or delivered in this State under this Title to insure any class or classes of individuals that could be issued under such group life policy. A group health insurance policy may also be issued to cover any other group which in the ~~superintendent~~ **commission's** discretion is substantially similar.

Sec. 389. 24-A MRSA § 2813, sub-§ 9, as amended by PL 1973, c. 585, § 12, is further amended to read:

9. Under a policy or contract issued to cover any other risk or class of risks which, in the discretion of the ~~superintendent~~ **commission**, may be properly eligible for blanket health insurance. The discretion of the ~~superintendent~~ **commission** may be exercised on an individual risk basis or class of risks, or both.

Sec. 390. 24-A MRSA § 2816, as last amended by PL 1973, c. 585, § 12, is further amended to read:

§ 2816. Requirements

No policy of group or blanket health insurance shall, except as provided in section 2829, be delivered or issued for delivery in this State, unless the policy contains in substance each and all of the provisions set forth in sections 2817 to 2828, or provisions which in the opinion of the ~~superintendent~~ **commission** are more favorable to the holders of such certificates or not less favorable to the holders of such certificates and more favorable to policyholders.

Sec. 391. 24-A MRSA § 2830, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 2830. Omissions, modifications: commission may approve

The ~~superintendent~~ **commission** may approve any form of group or blanket health insurance policy, or any form of certificate or printed information to be issued under such policy, which omits or modifies any of the provisions hereinbefore required, if ~~he~~ **it** deems such omission or modification suitable for the character of such insurance and not unjust to the persons insured thereunder.

Sec. 392. 24-A MRSA § 2836, 2nd ¶, as enacted by PL 1975, c. 770, § 108, is amended to read:

A policy may contain a provision that allows such payments, if that provision is approved by the ~~superintendent~~ **commission**, and if that provision requires the prior written approval of the insured member and allows such payments only on a just and equitable basis, and not on the basis of a priority lien. A just and equitable basis shall mean that any factors that diminish the potential value of the insured member's claim shall likewise reduce the share in the claim for those claiming payment for services or reimbursement. Such factors shall include, but are not limited to:

Sec. 393. 24-A MRSA § 2855, sub-§ 1, ¶ A, as repealed and replaced by PL 1977, c. 672, § 2, is amended to read:

A. The amount of credit life insurance shall at not time exceed the unpaid amount financed plus earned interest and an allowance for delinquencies as determined by the ~~superintendent~~ **commission** or, in the case of open-end credit, the balance upon which a finance charge may be imposed, plus earned interest and an allowance for delinquencies as determined by the ~~superintendent~~ **commission**.

Sec. 394. 24-A MRSA § 2858, as last amended by PL 1977, c. 694, § 423, is further amended to read:

§ 2858. Filing, approval and withdrawal of forms, rates; appeals

1. Forms filed. All policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders delivered or issued for delivery in this State and the schedules of premium rates pertaining thereto shall be filed with the ~~superintendent~~ **commission**.

2. Approval of forms and rates. The ~~superintendent~~ **commission** shall within 30 days after the filing of any such policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the benefits provided therein are not reasonable in relation to the premium charge or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of insurance laws or of any regulation promulgated thereunder. In determining whether to disapprove any such form or premium rates, the ~~superintendent~~ **commission** shall give due consideration to past and prospective loss experience and mortality or morbidity rates, based on an appropriate mortality or morbidity table, and claim adjustment expenses, general administrative expenses, including handling cost for return premiums, commissions to agents, cost and compensation to the creditor, branch and field expenses and other acquisition costs, federal, state and local taxes, profit to the insurer, reasonable underwriting judgment, and any and all other factors and trends demonstrated to be relevant. The insurer may support these factors by statistical information, experience, actuarial computations and estimates certified by an executive officer of the insurer, and the ~~superintendent~~ **commission** shall give due consideration to such supporting data.

3. Notice of disapproval; waiting period. If the ~~superintendent~~ **commission** notifies the insurer that the form or rates are disapproved, it is unlawful thereafter for such insurer to issue or use such form or rates. In such notice, the ~~superintendent~~ **commission** shall specify the reason for ~~his~~ **its** disapproval and state that a hearing will be granted within 20 days after request in writing by the insurer. No such policy, certificate of insurance, notice of proposed insurance, or any application, endorsement or rider or rate shall be issued or used until the expiration of 30 days after it has been so filed, unless the ~~superintendent~~ **commission** shall give ~~his~~ **its** prior written approval thereto.

4. **Approval withdrawn.** The ~~superintendent~~ **commission** may, at any time after a hearing held not less than 20 days after written notice to the insurer, withdraw ~~his~~ **its** approval of any such form or rate on any ground set forth in subsection 2. The written notice of such hearing shall state the reason for the proposed withdrawal. The insurer shall not use a form or rate after withdrawal. The insurer shall not use a form or rate after withdrawal of approval thereof.

5. **Group certificate filing.** If a group policy of credit life insurance or credit health insurance has been delivered in this State before September 16, 1961, or has been or is delivered in another state before or after such date, the insurer shall be required to file only the group certificate and notice of proposed insurance delivered or issued for delivery in this State as specified in section 2857, subsections 2 and 4, and such forms shall be approved by the ~~superintendent~~ **commission** if they conform with the requirements specified in such subsections and if the schedules of premium rates applicable to the insurance evidenced by such certificate or notice are not in excess of the insurer's schedules of premium rates filed with the ~~superintendent~~ **commission**.

All hearings held under this section shall be conducted in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter IV.

Sec. 395. 24-A MRSA § 2859, sub-§ 1, as last amended by PL 1977, c. 672, § 3, is further amended to read:

1. **Rates filed.** Any insurer may revise its schedules of premium rates from time to time, and shall file such revised schedules with the ~~superintendent~~ **commission**; however, no upward revision in premium rates may be made to insure closed-end credit which would apply to debtors whose credit insurance is already in force. In the case of open-end credit, the debtor must be given a 31-day notice prior to an upward revision unless a waiver of that notice is obtained from the ~~superintendent~~ **commission**, in which case the notice of the upward revision must be given at the next regular billing cycle. No insurer shall issue any credit life insurance policy or credit health insurance policy for which the premium rate exceeds that determined by the schedules of such insurer as then on file with the ~~superintendent~~ **commission**.

Sec. 396. 24-A MRSA § 2859, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. **Refund.** Each individual policy or group certificate shall provide that in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of an amount paid by the debtor for insurance shall be paid or credited promptly to the debtor. The ~~superintendent~~ **commission** shall prescribe a minimum refund and no refund which would be less than such minimum need be made. The formula to be used in computing such refund shall be filed with and approved by the ~~superintendent~~ **commission**.

Sec. 397. 24-A MRSA § 2860, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 2860. Authorized insurer, agent required

All policies of credit life insurance and credit health insurance shall be delivered or issued for delivery in this State only by an insurer authorized to transact such insurance therein, and shall be issued only through holders of licenses or authorizations issued by the ~~superintendent~~ **commission**.

Sec. 398. 24-A MRSA § 2864, as last amended by PL 1977, c. 694, § 424, is further amended to read:

§ 2864. Enforcement

Whenever the ~~superintendent~~ **commission** finds that there has been a violation of this chapter or any regulations issued pursuant thereto, and after written notice thereof and hearing given to the insurer or other person authorized or licensed by the ~~superintendent~~ **commission**, such hearing to conform to the provisions of the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter IV, ~~he~~ **it** shall set forth the details of ~~his~~ **its** findings together with an order for compliance by a specified date. Such order shall be binding on the insurer and other person authorized or licensed by the ~~superintendent~~ **commission** on the date specified unless sooner withdrawn by the ~~superintendent~~ **commission**.

Sec. 399. 24-A MRSA § 2915, last ¶, as repealed and replaced by PL 1977, c. 403, § 3, is amended to read:

The reason shall accompany the notice of cancellation and, except for policies in force less than 60 days, a notification of the right to apply for a hearing before the ~~Superintendent of Insurance~~ **commission** within 15 days as provided herein shall accompany the notice of cancellation.

Sec. 400. 24-A MRSA § 2917, 2nd ¶, last sentence, as enacted by PL 1977, c. 597, is amended to read:

A notice of a right to apply for a hearing before the ~~Superintendent of Insurance~~ **commission** within 15 days as provided herein shall accompany the notice of intent not to renew.

Sec. 401. 24-A MRSA § 2920, as last amended by PL 1977, c. 694, § 426, is further amended to read:

§ 2920. Hearing before commission

Any named insured who has received a statement of reason for cancellation, or of reason for an insurer's intent not to renew a policy, may, within 15 days of the receipt or delivery of a statement of reason, request a hearing before the ~~Insurance Superintendent~~ **commission**. The purpose of this hearing shall be limited to establishing the existence of the proof or evidence given by the insurer in its reason for cancellation or intent not to renew. The burden of proof of the reason for cancellation or intent not to renew shall be upon the insurer. The ~~Insurance Superintendent~~ **commission** shall have the authority to order that a policy continue in effect. Acting in conformity with the Maine Administrative

Procedure Act, Title 5, chapter 375, subchapter II, the ~~Insurance Superintendent~~ **commission** shall adopt rules and regulations for carrying out this section.

Sec. 402. 24-A MRSA § 2922, as enacted by PL 1977, c. 403, § 6, is amended to read:

§ 2922. Commission's authority to suspend

In the event of impairment or serious financial difficulty of an insurer, the ~~superintendent~~ **commission** shall have the authority to suspend the provisions of this Act from applying to the policies of the financially distressed insurer.

Sec. 403. 24-A MRSA § 2939, sub-§ 2, as enacted by PL 1973, c. 625, § 146, and 1973, c. 585, § 12, is further amended to read:

2. The failure of an employer, association, organization or other group to remit premiums when due for any reason, including, but not limited to, interruption or termination of employment or membership, shall not be regarded as nonpayment of premium by any insured under any such plan providing for remittance of premium by such employer, association, organization or other group, unless such insured shall have been given written notice of such failure to remit and shall not himself have paid such premium by the later of 20 days after such notice, or the due date of such premium remittance under the mass marketing plan or pursuant to regulations set forth by the ~~superintendent~~ **commission**.

Sec. 404. 24-A MRSA § 2940, as enacted by PL 1973, c. 625, § 146, and as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 2940. Applicability

This chapter shall be applicable only to insurance policies issued or renewed in this State after November 1, 1973 and is in addition to, and not in substitution for, other applicable requirements of the Maine Insurance Code and ~~bureau~~ **commission** regulations.

Sec. 405. 24-A MRSA § 3003, sub-§ 5, as amended by PL 1973, c. 585, § 12, is further amended to read:

5. The ~~superintendent~~ **commission** is satisfied that such policy or contract complies with the provisions hereof.

Sec. 406. 24-A MRSA § 3004, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 3004. Lines numbered consecutively

The lines of the conditions of the standard fire insurance policy shall be numbered consecutively at the option of the ~~superintendent~~ **commission**.

Sec. 407. 24-A MRSA § 3049, next to the last ¶, as amended by PL 1977, c. 414, § 1, is further amended to read:

This section shall not apply to any policy or coverage which has been in effect less than 60 days at the time notice of cancellation is mailed or delivered by the insurer unless it is a renewal policy. An insured shall not have the right to a hearing before the ~~Superintendent of Insurance~~ **commission** for that purpose of contesting cancellation of a new policy that has been in force less than 60 days.

Sec. 408. 24-A MRSA § 3050, last ¶, as repealed and replaced by PL 1977, c. 414, § 3, is amended to read:

The reason shall accompany the notice of cancellation and, except for policies in force less than 60 days, a notification of the right to apply for a hearing before the ~~Superintendent of Insurance~~ **commission** within 15 days as provided herein shall accompany the notice of cancellation.

Sec. 409. 24-A MRSA § 3051, first ¶, last sentence, as amended by PL 1977, c. 414, § 4, is further amended to read:

The reason shall accompany the notice of intent not to renew, together with notification of the right to apply for a hearing before the ~~Superintendent of Insurance~~ **commission** within 15 days as provided.

Sec. 410. 24-A MRSA § 3054, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 3054. Hearing before commission

Any named insured who has received a statement of reason for cancellation, or of reason for an insurer's intent not to renew a policy, may, within 15 days of the receipt or delivery of a statement of reason, request a hearing before the ~~Insurance Superintendent~~ **commission**. The purpose of this hearing shall be limited to establishing the existence of the proof or evidence used by the insurer in its reason for cancellation or intent not to renew. The burden of proof of the reason for cancellation or intent not to renew shall be upon the insurer. The ~~Insurance Superintendent~~ **commission** shall adopt rules and regulations for carrying out this section. If the insurer does not meet the burden of proof, the ~~Insurance Superintendent~~ **commission** shall have the authority to order the policy to continue in effect.

Sec. 411. 24-A MRSA § 3055, as enacted by PL 1977, c. 414, § 6, is amended to read:

§ 3055. Commission's authority to suspend

In the event of impairment or serious financial difficulty of an insurer or insurers, the ~~superintendent~~ **commission** shall have the authority to suspend the provisions of the Maine Property Insurance Cancellation Control Act from applying to the policies of the financially distressed insurer or insurers.

Sec. 412. 24-A MRSA § 3104, as repealed and replaced by PL 1977, c. 330, is amended to read:

§ 3104. Notice of authorization to registers of probate

Whenever any surety insurer is authorized to transact business in this State, the ~~superintendent~~ **commission** shall maintain the name of such insurer and the names of all agents of such insurer who have been licensed by him, their places of residence and the dates when their licenses will expire, and the names and addresses of all attorneys-in-fact registered with him.

Sec. 413. 24-A MRSA § 3307, sub-§§ 1 and 2, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. The incorporators of a proposed insurer shall deliver the quadruplicate originals of the certificate of organization to the ~~superintendent~~ **commission**. The ~~superintendent~~ **commission** shall deliver one set of such originals to the Attorney General of this State, and the Attorney General shall examine the same. If the Attorney General finds that the certificate of organization complies with law, he shall so certify in writing and return the original of the certificate of organization, so certified, to the ~~superintendent~~ **commission**.

2. When the certificate of organization has been so approved and returned by the Attorney General, the ~~superintendent~~ **commission** shall also endorse ~~his~~ **its** approval upon each set thereof and return the quadruplicate originals of the certificate of organization to the incorporators. The incorporators shall then file one of such sets with the Secretary of State of this State, one set with the ~~superintendent~~ **commission** bearing the certification of the Secretary of State, one set for recording in the registry of deeds of the county in this State in which the corporation's principal place of business is to be located, and shall retain the remaining set in the corporate records.

Sec. 414. 24-A MRSA § 3307, sub-§§ 4,5,6 and 7, as amended by PL 1973, c. 585, § 12, are further amended to read:

4. If the Attorney General finds that the proposed certificate of organization does not comply with law, he shall refuse to approve the same and shall return the set thereof to the ~~superintendent~~ **commission**, together with a written statement of the respects in which he finds that the certificate does not so comply. The ~~superintendent~~ **commission** shall thereupon return all sets of the proposed certificate of organization to the proposed incorporators together with the Attorney General's written statement.

5. The Secretary of State shall not permit the filing in that office of any such certificate unless the same bears the ~~superintendent's~~ **commission's** approval endorsed thereon as hereinabove provided.

6. The approval of the Attorney General or ~~superintendent~~ **commission**, as hereinabove provided for, shall be deemed to relate only to the form and contents of the certificate, and shall not constitute approval or commitment as to any other aspect or operation of the proposed insurer or relative to its entitlement, if any, to a certificate of authority.

7. The ~~superintendent~~ **commission** and Attorney General shall perform all duties required of them under this section within a reasonable time after the certificate of organization has been submitted to the ~~superintendent~~ **commission** as provided in subsection 1.

Sec. 415. 24-A MRSA § 3308, sub-§ 1, 2nd ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

“STATE OF MAINE

“Be it known, that whereas” (names of the incorporators) “Have associated themselves with the intention of forming a corporation, under the name of , for the purpose” (here the purpose declared in the certificate of organization shall be inserted,) “with a capital stock of \$. , and have complied with the provisions of the statutes of the State in such case made and provided, as appear from the certificate of organization, duly approved by the Insurance ~~Superintendent~~ **Commission** and recorded in this office: Now, therefore, I, , Secretary of State of Maine, hereby certify that” (incorporators’ names) “their associates and successors, are legally organized and established as, and are hereby made, an existing corporation under the name of the company, with all the powers, rights and privileges, and subject to the duties, liabilities and restrictions which by law appertain thereto. Witness my official signature, hereunto subscribed, and the seal of the State of Maine hereunto affixed, this day of , A.D. 19” (In case of purely mutual companies, so much as relates to capital stock shall be omitted.)

Sec. 416. 24-A MRSA § 3309, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 3309. Completion of incorporation; general powers, duties

The incorporation of an insurer shall be effective as of the date of issuance by the Secretary of State of his certificate as provided for in section 3308; and thereupon the corporation shall be vested with all the powers, rights and privileges, and be subject to all the duties, liabilities and restrictions applicable to insurer corporations; subject to qualification and application for, and issuance to the corporation of, a certificate of authority as an insurer by the ~~superintendent~~ **commission** under this Title.

Sec. 417. 24-A MRSA § 3310, sub-§§ 3 and 4, as amended by PL 1973, c. 585, § 12, are further amended to read:

3. Upon adoption of such an amendment, the insurer shall make in quadruplicate under its corporate seal a certificate, sometimes referred to as a “certificate of amendment,” setting forth such amendment and the date and manner of the adoption thereof. The certificate shall be executed by the insurer’s president or vice-president and secretary or assistant secretary and duly sworn to by one of them. The insurer shall deliver to the ~~superintendent~~ **commission** the quadruplicate originals of the certificate for review, certification and approval or disapproval by the Attorney General and the ~~superintendent~~ **commission**, and

filing and recording, all as provided for original certificates of organization under section 3307. The Secretary of State shall charge and collect for the use of the State a fee of \$20 for filing and recording the certificate of amendment of a mutual insurer. The amendment shall be effective when duly approved and filed with the Secretary of State.

4. An insurer may change its principal place of business without amendment of its certificate of organization, by resolution of its board of directors. A copy of such resolution, duly certified under oath by the corporate secretary, shall be executed in quadruplicate and filed with the ~~superintendent~~ **commission**, the Secretary of State, the registry of deeds of the county in which the insurer's principal place of business was theretofore located, and in the corporate records. If the principal place of business is thereby changed to another county of this State, the insurer shall also file in the registry of deeds of such county a copy, duly certified by the ~~superintendent~~ **commission**, of its certificate of organization and of each amendment thereto, and a certified copy of the resolution by which the principal place of business was so charged.

Sec. 418. 24-A MRSA § 3353, sub-§ 1, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

Before soliciting any applications for insurance required under section 3352 as qualification for the original certificate of authority, the incorporators of the proposed insurer shall file with the ~~superintendent~~ **commission** a corporate surety bond in the penalty of \$15,000, in favor of the State of Maine and for use and benefit of the State of Maine and of applicant members and creditors of the corporation. The bond shall be conditioned as follows:

Sec. 419. 24-A MRSA § 3353, sub-§ 3, as amended by PL 1973, c. 585, § 12, is further amended to read:

3. The ~~superintendent~~ **commission** shall release and discharge any such bond filed or deposit or remaining portion thereof held under this section upon settlement and termination of all liabilities against it.

Sec. 420. 24-A MRSA § 3354, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Upon receipt of the ~~superintendent's~~ **commission's** approval of the bond or deposit as provided in section 3353, the directors and officers of the proposed domestic mutual insurer may commence solicitation of such requisite applications for insurance policies as they may accept, and may receive deposits of premiums thereon.

Sec. 421. 24-A MRSA § 3354, sub-§ 5, as amended by PL 1973, c. 585, § 12, is further amended to read:

5. Solicitation for such qualifying applications for insurance shall be by licensed agents of the corporation, and the ~~superintendent~~ **commission** shall, upon the corporation's application therefor, issue temporary agent's licenses expiring

on the date specified pursuant to subsection 3, paragraph C to individuals qualified as for a resident agent's license except as to the taking or passing of an examination. The ~~superintendent~~ **commission** may suspend or revoke any such license for any of the causes and pursuant to the same procedures as are applicable to suspension or revocation of licenses of agents in general under chapter 17.

Sec. 422. 24-A MRSA § 3355, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. All sums collected by a domestic mutual corporation as premiums or fees on qualifying applications for insurance therein shall be deposited in trust in a bank or trust company in this State under a written trust agreement consistent with this section and with section 3354, subsection 3, paragraph C. The corporation shall file an executed copy of such trust agreement with the ~~superintendent~~ **commission**.

Sec. 423. 24-A MRSA § 3356, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 3356. Failure to complete and qualify

If the proposed domestic mutual insurer fails to complete its organization and to secure its original certificate of authority within one year from and after date of its certificate of organization, its corporate powers shall cease, and the ~~superintendent~~ **commission** shall return or cause to be returned to the persons entitled thereto all advance deposits or payments of premium held in trust under section 3355.

Sec. 424. 24-A MRSA § 3357, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 3357. Authority to transact additional kinds of insurance

After being authorized to transact one kind or combination of kinds of insurance as provided in section 3352, a mutual insurer may be authorized by the ~~superintendent~~ **commission** to transact such additional kinds of insurance as are permitted under section 409 (combinations of insuring powers), while otherwise in compliance with this Title and while maintaining unimpaired surplus and guaranty capital funds in an amount not less than the amount of paid-in capital stock required to be maintained by a like domestic stock insurer transacting the same kinds of insurance.

Sec. 425. 24-A MRSA § 3358, sub-§ 6, as amended by PL 1973, c. 585, § 12, is further amended to read:

6. The insurer shall retire and cancel the guaranty capital shares, in part and in whole as soon as is reasonably possible, out of expendable surplus resulting from net realized earnings from its operations, or out of surplus created through issuance of agreements authorized by section 3415. The insurer shall retire and cancel the guaranty capital shares in their entirety when such retirement would,

in the ~~superintendent's~~ **commission's** opinion, leave the insurer with surplus as to policyholders reasonably adequate to enable it to continue to transact the kinds and volume of insurance business transacted.

Sec. 426. 24-A MRSA § 3359, sub-§ 3, as amended by PL 1973, c. 585, § 12, is further amended to read:

3. The insurer shall promptly file with the ~~superintendent~~ **commission** a copy, certified by the insurer's secretary, of its bylaws and of every modification thereof or addition thereto. The ~~superintendent~~ **commission** shall disapprove any bylaw provisions deemed by ~~him~~ **it** after a hearing held thereon, to be unlawful, unreasonable, inadequate, unfair or detrimental to the proper interests or protection of the insurer's members or any class thereof. The insurer shall not, after receiving written notice of such disapproval and during the existence thereof, effectuate any bylaw provision so disapproved.

Sec. 427. 24-A MRSA § 3361, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Meetings of members of a domestic mutual insurer shall be held in the city or town of its principal office in this State, except as may otherwise be provided in the insurer's bylaws with the ~~superintendent's~~ **commission's** approval.

Sec. 428. 24-A MRSA § 3361, sub-§ 3, ¶ B, as amended by PL 1973, c. 585, § 12, is further amended to read:

B. Unless the ~~superintendent~~ **commission** otherwise orders, notice of the new date or place need be given only through policies issued after the date of the annual meeting at which such change was made and in premium notices and renewal certificates issued during the 24 months immediately following such meeting.

Sec. 429. 24-A MRSA § 3361, sub-§ 4, as amended by PL 1973, c. 585, § 12, is further amended to read:

4. If more than 6 months are allowed to elapse after an annual meeting of members is due to be held and without such annual meeting being held, the ~~superintendent~~ **commission** shall, upon written request of any officer, director or member of the insurer, cause written notice of such meeting to be given to the insurer's members, and the meeting shall be held as reasonably possible thereafter.

Sec. 430. 24-A MRSA § 3363, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Each member of a mutual insurer is entitled to one vote upon each matter coming to a vote at a meeting of members, or to such other vote as may be provided for on a reasonable basis in the insurer's bylaws with the ~~superintendent's~~ **commission's** approval.

Sec. 431. 24-A MRSA § 3365, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. If at any time the assets of a domestic mutual insurer are less than its liabilities, exclusive of guaranty capital shares, if any, at par value, and the minimum amount of surplus required to be maintained by it under this Title for authority to transact the kinds of insurance being transacted, and the deficiency is not cured from other sources, its directors may, if the same is approved by the ~~superintendent~~ **commission** as being reasonable and in the best interests of the insurer and its members, levy an assessment only on its members who held the policies providing for contingent liability at any time within the 12 months next preceding the date the levy was authorized by the board of directors, and such members shall be liable to the insurer for the amount so assessed.

Sec. 432. 24-A MRSA § 3365, sub-§ 5, as amended by PL 1973, c. 585, § 12, is further amended to read:

5. As to life insurance, any part of such an assessment upon a member which remains unpaid following notice of assessment, demand for payment, and lapse of a reasonable waiting period as specified in such notice, may, if approved by the ~~superintendent~~ **commission** as being in the best interests of the insurer and its members, be secured by placing a lien upon the cash surrender values and accumulated dividends held or to be held by the insurer to the credit of the member's policy.

Sec. 433. 24-A MRSA § 3367, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. A domestic mutual insurer may extinguish the contingent liability to assessment of its members as to cash premium plan policies in force and may omit provisions imposing contingent liability in such policies currently issued while it has and maintains surplus, as determined by its financial statement filed with the ~~superintendent~~ **commission** as of the year end next preceding, of not less than \$100,000 as to an insurer formed prior to January 1, 1968, and of not less than \$200,000 as to an insurer formed after January 1, 1968.

Sec. 434. 24-A MRSA § 3408, sub-§ 3, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

3. **No person shall remove all or a material part of the records or assets of a domestic insurer from this State, except pursuant to a plan of merger, consolidation or bulk reinsurance approved by the commission under this Title, or for such reasonable purposes and periods of time as may be approved by the commission in writing in advance of such removal, or conceal such records or assets or such material part thereof from the commission. Any person who removes or attempts to remove such records of assets or such material part thereof from the home office or other place of business or of safekeeping of the insurer in this State with the intent to remove the same from this State, or who conceals or attempts to conceal the same from the commission, in violation of this section, shall upon conviction thereof be guilty of a felony, punishable by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or by both in the discretion of the court. Upon any removal or attempted removal of such**

records of assets, or upon retention of such records or assets or material part thereof outside this State, beyond the period therefor specified in the commission's consent under which the records were so removed thereat, or upon concealment of or attempt to conceal records or assets in violation of this section, the commission may institute delinquency proceedings against the insurer pursuant to chapter 57.

Sec. 435. 24-A MRSA § 3408, sub-§ 4, ¶ A, as amended by PL 1973, c. 585, § 12, is further amended to read:

A. Establishing and maintaining regional home offices or branch offices in other states or countries where necessary or convenient to the transaction of its business, and keeping therein the detailed records and assets customary and necessary for the servicing of its insurance in force and affairs in the territory served by such an office, as long as such records and assets are made readily available at such office for examination by the ~~superintendent~~ **commission** at ~~his~~ **its** request.

Sec. 436. 24-A MRSA § 3410, sub-§ 1, ¶ A, as amended by PL 1973, c. 585, § 12, is further amended to read:

A. Completion of a regular examination of the insurer by the ~~superintendent~~ **commission** and to which the closed file was subject; or

Sec. 437. 24-A MRSA § 3413, sub-§ 5, as amended by PL 1973, c. 585, § 12, is further amended to read:

5. The ~~superintendent~~ **commission** may, by regulation from time to time, define and permit additional exceptions to the prohibition contained in subsection I solely to enable payment of reasonable compensation to a director who is not otherwise an officer or employee of the insurer, or to a corporation or firm in which a director is interested, for necessary services performed or sales or purchases made to or for the insurer in the ordinary course of the insurer's business and in the usual private professional or business capacity of such director, corporation or firm.

Sec. 438. 24-A MRSA § 3414, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. No domestic insurer shall hereafter make any contract whereby any person is granted or is to enjoy in fact the management of the insurer to the material exclusion of its board of directors or to have the controlling or preemptive right to produce substantially all insurance business for the insurer, or, if an officer, director or otherwise part of the insurer's management is to receive any commission, bonus or compensation based upon the volume of the insurer's business or transactions, unless the contract is filed with and not disapproved by the ~~superintendent~~ **commission**. The contract shall become effective in accordance with its terms unless disapproved by the ~~superintendent~~ **commission** within 20 days after date of filing, subject to such reasonable extension of time as

the **superintendent commission** may require by notice given within such 20 days. Any disapproval shall be delivered to the insurer in writing stating the grounds therefor.

Sec. 439. 24-A MRSA § 3414, sub-§ 3, first ¶, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

The commission shall disapprove any such contract if it finds that it:

Sec. 440. 24-A MRSA § 3414, sub-§ 4, as amended by PL 1973, c. 585, § 12, is further amended to read:

4. The **superintendent commission** may, after a hearing held thereon, disapprove any such contract theretofore permitted to become effective, if he it finds that the contract should be disapproved on any of the grounds referred to in subsection 3.

Sec. 441. 24-A MRSA § 3415, sub-§ 1, last sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

No commission or promotion expense shall be paid in connection with any such loan, except that if sale is made of the loan securities through established securities brokers or by public offering the insurer may pay the reasonable costs thereof approved by the **superintendent commission**.

Sec. 442. 24-A MRSA § 3415, sub-§ 3, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

3. Any such loan shall be subject to the commission's approval. The insurer shall, in advance of the loan, file with the commission a statement of the purpose of the loan and a copy of the proposed loan agreement. The loan and agreement shall be deemed approved unless within 15 days after the date of such filing the insurer is notified of the commission's disapproval and the reasons therefor. The commission shall disapprove any proposed loan or agreement if he finds the loan is unnecessary or excessive for the purpose intended, or that the terms of the loan agreement are not fair and equitable to the parties and to other similar lenders, if any, to the insurer, or that the information so filed by the insurer is inadequate.

Sec. 443. 24-A MRSA § 3415, sub-§ 4, as last amended by PL 1973, c. 585, § 12, is further amended to read:

4. Any such loan to an insurer or substantial portion thereof may be repaid by the insurer when no longer reasonably necessary for the purpose originally intended. No repayment of such a loan, whether heretofore or hereafter outstanding shall be made, other than as provided in the loan agreement, unless approved in advance by the **superintendent commission**.

Sec. 444. 24-A MRSA § 3419, sub-§§ 1 and 2, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. Pursuant to the terms of a pension plan or plans or any modification thereof, heretofore or hereafter adopted by the insurer's board of directors and approved

by the **superintendent commission**, any domestic stock or mutual insurer may pay the whole or any part of the cost of retirement or disability pensions for such of its officers, employees or full-time insurance agents as are specified in such plan or plans or modifications thereof. If so specified in the plan or plans, in lieu of such pensions actuarially equivalent benefits may be paid to such officers, employees or full-time agents or to their designated beneficiaries.

2. The **superintendent commission** shall approve any such plan, unless ~~he~~ it finds the same not to be within the reasonable financial resources of the insurer or not fair and equitable as between the respective classifications of participants therein.

Sec. 445. 24-A MRSA § 3422, sub-§ 5, as amended by PL 1973, c. 585, § 12, is further amended to read:

5. For retirement or otherwise of the shares under a plan submitted to and approved in writing by the **superintendent commission**. The **superintendent commission** shall not approve a plan unless found by ~~him~~ it to be reasonable, fair and equitable as to remaining stockholders of the insurer, and not materially adverse to the protection of the insurer's policyholders.

Sec. 446. 24-A MRSA § 3423, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. If a domestic stock insurer's paid-in capital stock, as represented by the aggregate par value of its outstanding capital stock, becomes impaired, or the assets of a domestic mutual insurer are less than its liabilities and the minimum amount of basic surplus required to be maintained by it under this Title for authority to transact the kinds of insurance being transacted, the **superintendent commission** shall at once determine the amount of deficiency and serve notice upon the insurer to cure the deficiency and serve notice upon the insurer to cure the deficiency and file proof thereof with ~~him~~ it within the period specified in the notice, which period shall be not less than 30 nor more than 90 days from the date of the notice. Such notice may be so served by delivery to the insurer or by mailing to the insurer addressed to its registered office in this State.

Sec. 447. 24-A MRSA § 3423, sub-§ 3, as amended by PL 1973, c. 585, § 12, is further amended to read:

3. If the deficiency is not made good and proof thereof filed with the **superintendent commission** within the period required by the notice as specified in subsection 1, the insurer shall be deemed insolvent and the **superintendent commission** shall institute delinquency proceedings against it under chapter 57.

Sec. 448. 24-A MRSA § 3424, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. During the existence of impairment of the capital stock or surplus of an insurer, as referred to in section 3423, the **superintendent commission** shall

require such restriction of, or arrangements as to, operations of the insurer while the impairment exists as he it deems advisable for protection of policyholders, the insurer or the public.

Sec. 449. 24-A MRSA § 3472, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. A stock insurer other than a title insurer may become a mutual insurer, or a combination stock and mutual insurer, under such plan and procedure as may be approved by the **superintendent commission** after a hearing thereon.

Sec. 450. 24-A MRSA § 3472, sub-§ 2, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

The **superintendent commission** shall not approve any such plan, procedure or mutualization unless:

Sec. 451. 24-A MRSA § 3472, sub-§ 2, ¶ B, as amended by PL 1973, c. 585, § 12, is further amended to read:

B. It is subject to approval by the holders of not less than 2/3 of the insurer's outstanding capital stock having voting rights, and by not less than 2/3 of the insurer's policyholders who vote on such plan in person, by proxy or by mail pursuant to such notice and procedure as may be approved by the **superintendent commission**.

Sec. 452. 24-A MRSA § 3472, sub-§ 4, as amended by PL 1973, c. 585, § 12, is further amended to read:

4. No director, officer, agent or employee of the insurer, or any other person, shall receive any fee, commission or other valuable consideration whatsoever, other than their customary salaries or other regular compensation, for in any manner aiding, promoting or assisting in the mutualization, except as set forth in the plan of mutualization as approved by the **superintendent commission**.

Sec. 453. 24-A MRSA § 3473, sub-§ 1, ¶¶'s A, B and C, as amended by PL 1973, c. 585, § 12, are further amended to read:

A. The insurer must give the **superintendent commission** written notice of its intent to convert to an ordinary business corporation;

B. The insurer must bulk reinsure all of its insurance, if any, in force, with another authorized insurer under a bulk reinsurance agreement approved by the **superintendent commission** as provided in section 3483. The agreement of bulk reinsurance may be made contingent upon approval of stockholders as provided in paragraph D;

C. The insurer must set aside funds in a special reserve in such amount and subject to such administration as may be found by the **superintendent commission** to be reasonable and adequate for the purpose, for payment of all obligations, if any, of the insurer incurred by it and remaining unpaid under its

insurance contracts prior to the effective date of such bulk reinsurance, or make other reasonable disposition satisfactory to the ~~superintendent~~ **commission** for such payment;

Sec. 454. 24-A MRSA § 3473, sub-§ 1, ¶ F, as amended by PL 1973, c. 585, § 12, is further amended to read:

F. Upon compliance with paragraphs A to D, and upon filing of the amendment of the certificate of organization with the ~~superintendent~~ **commission** and otherwise as required by laws applicable to ordinary business corporations, the conversion shall thereupon become effective.

Sec. 455. 24-A MRSA § 3474, sub-§ 2, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

No such merger or consolidation shall be effectuated, unless in advance thereof the plan and agreement therefor have been filed with the ~~superintendent~~ **commission** and approved in writing by him after a hearing thereon after notice to the stockholders of each insurer involved. The ~~superintendent~~ **commission** shall give such approval within a reasonable time after such filing unless ~~he~~ **it** finds that the plan or agreement:

Sec. 456. 24-A MRSA § 3474, sub-§ 4, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

4. If the commission does not approve the plan or agreement, it shall so notify the insurer in writing specifying its reasons therefor.

Sec. 457. 24-A MRSA § 3475, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Upon application of any domestic insurer, the ~~superintendent~~ **commission** is authorized to approve the fairness of the terms and conditions of the issuance by the insurer of any shares of its capital stock or of guaranty capital or bonds or its other securities or obligations in exchange for one or more bona fide outstanding securities, claims or property interest of any other insurer or corporation, domestic or foreign, or partly in such exchange and partly for cash; but only after a hearing has been held by the ~~superintendent~~ **commission** upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear and be heard.

Sec. 458. 24-A MRSA § 3475, sub-§ 2, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

2. Notice of such hearing and conduct thereof shall be as provided in chapter 3 (the insurance commission).

Sec. 459. 24-A MRSA § 3476, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Any person proposing to acquire the controlling capital stock or guaranty capital shares of any domestic stock insurer and thereby to change the control of

the insurer, other than through merger or consolidation or affiliation as provided for in this chapter, shall first apply to the ~~superintendent~~ **commission** in writing for approval of such proposed change of control. The application shall state the names and addresses of the proposed new owners of the controlling stock or shares and contain such additional information as the ~~superintendent~~ **commission** may reasonably require.

Sec. 460. 24-A MRSA § 3476, sub-§ 2, first ¶, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

The commission shall not approve the proposed change of control if it finds:

Sec. 461. 24-A MRSA § 3476, sub-§§ 3 and 4, as amended by PL 1973, c. 585, § 12, are repealed and the following enacted in their place:

3. If the commission does not by affirmative action approve or disapprove the proposed change of control within 30 days after the date such application was so filed with it, the proposed change may be made without such approval. Except that if the commission gives notice to the parties of a hearing to be held by it with respect to the proposed change of control, and the hearing is held within such 30 days or on a date mutually acceptable to the commission and the parties, the commission shall have 10 days after the conclusion of the hearing within which to so approve or disapprove the proposed change; and if not so approved or disapproved, the change may thereafter be made without the commission's approval.

4. If the commission disapproves the proposed change, it shall give written notice thereof to the parties, setting forth in detail the reasons for disapproval.

Sec. 462. 24-A MRSA § 3476, sub-§ 5, as repealed and replaced by PL 1977, c. 694, § 428, is amended to read:

5. The ~~superintendent~~ **commission shall file a complaint with the Administrative Court seeking to suspend or revoke the certificate of authority held by any insurer, the control of which has been changed in violation of this section.**

Sec. 463. 24-A MRSA § 3477, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. A mutual insurer may become a stock insurer, or a combination stock and mutual insurer, under such reasonable plan and procedure as may be approved by the ~~superintendent~~ **commission after a hearing thereon of which notice was given to the insurer, its directors or trustees, its officers, employees and its members, all of whom shall have the right to appear and be heard at the hearing.**

Sec. 464. 24-A MRSA § 3477, sub-§ 2, first ¶, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

The commission shall not approve any such plan or procedure unless:

Sec. 465. 24-A MRSA § 3477, sub-§ 2, ¶ B, as amended by PL 1973, c. 585, § 12, is further amended to read:

B. It is subject to approval by vote of not less than 2/3 of the insurer's current members entitled to vote and voting thereon in person, by proxy, or by mail at a meeting of members entitled to vote and called for the purpose pursuant to such reasonable notice and procedure as may be approved by the **superintendent commission**; if a life insurer, right to vote shall be limited to members who hold policies other than group policies or term policies for terms of less than 20 years, and whose policies have been in force for not less than one year;

Sec. 466. 24-A MRSA § 3477, sub-§ 2, ¶ C, as amended by PL 1973, c. 585, § 12, is further amended to read:

C. The equity of each member in the insurer is determinable under a fair and reasonable formula approved by the **superintendent commission**, which such equity shall be based upon the insurer's entire surplus as shown by the insurer's financial statement filed with the **superintendent commission**, including all voluntary reserves but excluding contingently repayable funds and outstanding guaranty capital shares at the redemption value thereof, and without taking into account the value of nonadmitted assets or of insurance business in force;

Sec. 467. 24-A MRSA § 3477, sub-§ 2, ¶ E, as amended by PL 1973, c. 585, § 12, is further amended to read:

E. The members entitled to participate in the purchase of stock or distribution of assets shall include not less than all current policyholders of the insurer and each existing person who had been a policyholder of the insurer within 3 years prior to the date such plan was submitted to the **superintendent commission**;

Sec. 468. 24-A MRSA § 3477, sub-§ 2, ¶ G, as amended by PL 1973, c. 585, § 12, is further amended to read:

G. The plan provides for payment to each member, not electing to apply his equity in the insurer for or upon the purchase price of stock to which preemptively entitled, of cash in an amount found to be reasonable by the **superintendent commission** but not in excess of 50% of the amount of his equity not so used for the purchase of stock, and which cash payment together with stock so purchased, if any, shall constitute full payment and discharge of the member's equity or property interest in such mutual insurer;

Sec. 469. 24-A MRSA § 3477, sub-§ 2, ¶ I, as amended by PL 1973, c. 585, § 12, is further amended to read:

I. The **superintendent commission** finds that the insurer's management has not, through reduction in volume of new business written, or cancellation or through any other means sought to reduce, limit or affect the number or identity of the insurer's members to be entitled to participate in such plan, or to secure for the individuals comprising management any unfair advantage through such plan.

Sec. 470. 24-A MRSA § 3477, sub-§ 4, as amended by PL 1973, c. 585, § 12, is further amended to read:

4. Subsection 2 shall not be deemed to prohibit the inclusion in the conversion plan of provisions under which the individuals comprising the insurer's management and employee group shall be entitled to purchase for cash, at the same price as offered to the insurer's members, shares of stock not taken by members on the preemptive offering to members, in accordance with such reasonable classification of such individuals as may be included in the plan and approved by the ~~superintendent~~ **commission**.

Sec. 471. 24-A MRSA § 3477, sub-§ 5, as amended by PL 1973, c. 585, § 12, is further amended to read:

5. No director, officer, agent or employee of the insurer, or any other person, shall receive any fee, commission or other valuable consideration whatsoever, other than their usual regular salaries and compensation, for in any manner aiding, promoting or assisting in such conversion, except as set forth in the plan approved by the ~~superintendent~~ **commission**. This provision shall not be deemed to prohibit the payment of reasonable fees and compensation to attorneys at law, accountants and actuaries for services performed in the independent practice of their professions, even though also directors of the insurer.

Sec. 472. 24-A MRSA § 3480, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 3480. Approval by commission

1. The plan and agreement referred to in section 3479 shall not be effectuated until filed with and approved by the ~~superintendent~~ **commission** in writing. The insurers shall furnish the ~~superintendent~~ **commission** such additional information in relation to the proposed merger or consolidation as the ~~superintendent~~ **commission** may reasonably require.

2. The ~~superintendent~~ **commission** shall approve the plan and agreement unless he finds that it:

- A. Is contrary to law; or
- B. Is inequitable to the policyholders of any domestic insurer involved; or
- C. Would substantially reduce the security of and service to be rendered to policyholders of the domestic insurer; or
- D. Would materially tend to lessen competition in the insurance business in this State or elsewhere as to the kinds of insurance involved, or would materially tend to create a monopoly as to such business; or
- E. Is subject to other material and reasonable objections.

3. If the ~~superintendent~~ **commission** does not approve the plan and agreement, he it shall so notify the insurers parties thereto in writing, specifying his reasons therefor.

Sec. 473. 24-A MRSA § 3481, sub-§§ 1 and 2, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. Upon approval by the **superintendent commission** as provided in section 3480, the plan and agreement of merger or consolidation shall be submitted to the Attorney General and be examined by him. If the Attorney General finds the plan and agreement to be properly drawn and signed and otherwise in conformity with the Constitution and laws of this State, he shall so certify thereon in writing.

2. Within 60 days from date of approval by the **superintendent commission** both an original and a copy of the plan and agreement showing thereon the certificate of the Attorney General shall be delivered to the Office of the Secretary of State. The Secretary of State shall file such copy and enter the date of filing on both the copy and the original, shall record the copy and return the original to the surviving merged or consolidated corporation.

Sec. 474. 24-A MRSA § 3481, sub-§ 4, as amended by PL 1973, c. 585, § 12, is further amended to read:

4. If a domestic insurer is merged into or consolidated with a foreign insurer, the foreign insurer shall not transact insurance in this State until it has procured a certificate of authority from the **superintendent commission** therefor under this Title.

Sec. 475. 24-A MRSA § 3483, sub-§ 1, last sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

No such agreement shall become effective unless filed with the **superintendent commission**, or if disapproved by ~~him~~ it.

Sec. 476. 24-A MRSA § 3483, sub-§ 2, first ¶, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

The commission shall disapprove such agreement within a reasonable time after filing if it finds:

Sec. 477. 24-A MRSA § 3483, sub-§ 2, ¶ D, as amended by PL 1973, c. 585, § 12, is further amended to read:

D. That the assuming reinsurer is not authorized to transact such insurance in this State, or is not qualified as for such authorization or will not appoint the **superintendent commission** and ~~his~~ **its** successors as its irrevocable attorney for service of process, so long as any policy so reinsured or claim thereunder remains in force or outstanding; or

Sec. 478. 24-A MRSA § 3483, sub-§ 3, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

3. If the commission disapproves the agreement, it shall forthwith notify in writing each insurer involved, specifying its reasons therefor.

Sec. 479. 24-A MRSA § 3483, sub-§ 5, as amended by PL 1973, c. 585, § 12, is further amended to read:

5. No director, officer, agent or employee of any insurer party to such reinsurance, or any other person, shall receive any special compensation for arranging or with respect to any such reinsurance, except as is set forth in the reinsurance agreement filed with the **superintendent commission**.

Sec. 480. 24-A MRSA § 3484, sub-§ 1, first sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

A solvent domestic stock or mutual insurer, which then is not the subject of a delinquency proceeding under chapter 57, may voluntarily dissolve under a plan therefor in writing authorized by its board of directors, approved or adopted by stockholders or members as hereinafter provided, and filed with and approved by the **superintendent commission**.

Sec. 481. 24-A MRSA § 3484, sub-§ 2, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

2. The commission shall approve the plan unless found by it to be unlawful or unfair or inequitable or prejudicial to the interests of any stockholder, policyholder or creditor.

Sec. 482. 24-A MRSA § 3484, sub-§ 3, as amended by PL 1973, c. 585, § 12, is further amended to read:

3. If a mutual insurer, the plan must have been approved by vote of not less than 2/3 of the policyholders voting thereon at a special meeting of such policyholders called and held for the purpose pursuant to such reasonable notice and information as the **superintendent commission** may have approved.

Sec. 483. 24-A MRSA § 3484, sub-§ 5, as amended by PL 1973, c. 585, § 12, is further amended to read:

5. Following approval of the dissolution and plan therefor by members or adopted thereof by stockholders as above provided, and approval by the **superintendent commission**, the trustees designated or provided for in the plan shall proceed to execute the plan. When all liabilities of the corporation have been discharged or otherwise adequately provided for, and all assets of the corporation have been liquidated and distributed in accordance with the plan, the trustees shall so certify in quadruplicate under oath in writing. The trustees shall deliver the original and the 3 copies of such certificate to the **superintendent commission**. The **superintendent commission** shall make such examination of the affairs of the corporation, and of the liquidation and distribution of its assets and discharge of or provision for its liabilities as ~~he~~ **it** deems advisable. If upon such examination ~~he~~ **it** finds that the facts set forth in the certificate of the trustees are true, ~~he~~ **it** shall inscribe ~~his~~ **its** approval on the certificate, file the original thereof so inscribed in the Office of the Secretary of State, file a copy thereof in the bureau and return the remaining 2 copies to the trustees. The trustees shall file one of such copies for recording in the registry of deeds of the county in this State in which the corporation's principal place of business is located, and retain the fourth copy for the corporate files.

Sec. 484. 24-A MRSA § 3485, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Upon any liquidation of a domestic mutual insurer, its assets remaining after discharge of its indebtedness, policy obligations, repayment of contributed or borrowed surplus, if any, retirement of guaranty fund capital shares and payment of expenses of administration and of the dissolution and liquidation procedure shall be distributed to currently existing persons who had been members of the insurer for at least a year and who were its members at any time within 36 months next preceding the date such liquidation was authorized or ordered, or date of last termination of the insurer's certificate of authority, whichever date is the earlier; except that if the ~~superintendent~~ **commission** has reason to believe that those in charge of the insurer's management have caused or encouraged the reduction of the number of members of the insurer, or changed the identity thereof, in anticipation of liquidation and for the purpose of reducing or controlling thereby the number or identity of persons who may be entitled to share in distribution of the insurer's assets, ~~he~~ it may enlarge the qualification period in such manner as ~~he~~ it deems to be reasonable.

Sec. 485. 24-A MRSA § 3485, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. The insurer shall make a reasonable classification of its policies so held by such members, and a formula based upon such classification for determination of the equitable distributive share of each such member. Such classification and formula shall be subject to the approval of the ~~superintendent, who~~ **commission, which** shall approve the same except for reasonable cause.

Sec. 486. 24-A MRSA § 3486, sub-§ 2, ¶¶ D and E, as enacted by PL 1977, c. 377, are amended to read:

D. If the parent corporation has adopted the plan and is neither a domestic corporation nor an authorized insurer, its agreement to be bound by this section with respect to the plan, its consent to the enforcement against it in this State of the rights of shareholders pursuant to the plan, and a designation of the ~~superintendent~~ **commission** as the agent upon whom process may be served against the parent corporation in the manner set forth in section 421 in any action or proceeding to enforce any such rights; and

E. Such other provisions with respect to the plan as the board of directors, trustees or other governing body deems necessary or desirable, or which the ~~superintendent~~ **commission** may prescribe.

Sec. 487. 24-A MRSA § 3486, sub-§ 3, as enacted by PL 1977, c. 377, is amended to read:

3. Upon adoption of the plan, it shall be duly executed by the president and attested by the secretary, or the executive officers corresponding thereto, under the corporate seal of the parent corporation or the domestic stock insurance company which has adopted the plan, as the case may be. Thereupon, a certified

copy of the plan, together with a certificate of its adoption subscribed by such officers and affirmed by them as true under the penalties of perjury and under the seal of the parent corporation or the domestic stock insurance company, as the case may be, shall be submitted to the ~~superintendent~~ **commission** for ~~his~~ **its** approval. The ~~superintendent~~ **commission** shall thereupon consider the plan and, if satisfied that it complies with this section, is fair and equitable and not inconsistent with law, ~~he~~ **it** shall approve the plan. If the ~~superintendent~~ **commission** disapproves the plan, notification of ~~his~~ **its** disapproval, assigning the reasons therefor, shall be given in writing by ~~him~~ **it** to the parent corporation or domestic stock insurance company that submitted the plan. No plan shall take effect unless the approval of the ~~superintendent~~ **commission** has been obtained.

Sec. 488. 24-A MRSA § 3486, sub-§ 4, as enacted by PL 1977, c. 377, is amended to read:

4. If the ~~superintendent~~ **commission** approves the plan, the parent corporation or the domestic stock insurance company which has adopted the plan shall deliver to each person who, as of the date of delivery, is a holder of record of stock to be acquired pursuant to the plan, a copy of the plan, or a summary thereof approved by the ~~superintendent~~ **commission**, in person or by depositing the same in the post office, postage prepaid, addressed to the stockholder at his address of record. On or before the date of acquisition proposed in the plan, the parent corporation or domestic stock insurance company which has adopted the plan shall file with the ~~superintendent~~ **commission** a certificate, executed by its president and attested by its secretary, or the executive officers corresponding thereto, and subscribed by such officers and affirmed by them as true under the penalties of perjury, and under the seal of the parent corporation or the domestic stock insurance company, as the case may be, attesting to compliance with this subsection.

Sec. 489. 24-A MRSA § 3552, sub-§ 7, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

7. Commission. Commission means the State Insurance Commission or person duly designated to exercise the powers of that office during an attack or acute emergency.

Sec. 490. 24-A MRSA § 3553, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. With the approval of the ~~superintendent~~ **commission** any domestic organization may, at any time, adopt, in the same manner as in the case of ordinary bylaws, emergency bylaws to become operative during a period of acute emergency. Emergency bylaws may contain provisions with respect to the number of directors capable of acting which shall constitute its board, the number of such directors which shall constitute a quorum at a meeting of the board, the number of votes necessary for action by such board, the manner in which vacancies on the board shall be filled, the line of succession of its officers, and the interim management of the affairs of the insurance organization; such provisions, if approved by the ~~superintendent~~ **commission**, need not comply with the

requirement of the charter of such domestic organization or of the insurance or incorporation laws of this State.

Sec. 491. 24-A MRSA § 3553, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. Section 3554 and section 3555, subsections 2 to 6 shall not be applicable during a period of acute emergency to any domestic organization operating in accordance with and under emergency bylaws theretofore approved by the **superintendent commission**.

Sec. 492. 24-A MRSA § 3554, first ¶, last sentence, as enacted by PL 1969, c. 132, § 1, is amended to read:

Any insurance organization which changes the location of its principal office during an acute emergency shall notify the **superintendent commission** thereof in writing as soon as practical, stating the address of the new location, the address of the former location and the dates when business is ceasing at the former location and commencing at the latter location.

Sec. 493. 24-A MRSA § 3554, 5th ¶ from the end, as amended by PL 1973, c. 585, § 12, is further amended to read:

As soon as practicable after each meeting of an emergency board of directors, the person who presided thereat shall notify the **superintendent commission** in writing of the time and place of such meeting, of the manner in which notice thereof was given, of the persons present and of all actions taken at such meeting.

Sec. 494. 24-A MRSA § 3554, last ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

This section shall not be deemed applicable during a period of acute emergency to any domestic organization operating in accordance with and under emergency bylaws theretofore approved by the **superintendent commission**.

Sec. 495. 24-A MRSA § 3555, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 3555. Powers of the commission

1. **Designate additional acting directors.** If at any time during an acute emergency, the number of directors or acting directors of a domestic insurance organization who are capable of acting shall be less than 3, as determined by the **superintendent commission** after a reasonable investigation, the **superintendent commission** shall have the power to designate additional acting directors in such number as will bring to 3 the number of directors and acting directors who are capable of acting.

2. **Resolve controversies.** To resolve controversy as to the power of any group of persons purporting to act as an emergency board of directors so to act, the **superintendent commission** shall, upon a determination that such action will tend to promote the safe and sound and orderly conduct of the business of any

domestic insurance organization, have power to issue orders declaring that any such group shall or shall not have the powers of an emergency board of directors, or confirming, modifying or vacating in whole or in part any action taken or purportedly taken by any such group or by removing any acting director.

3. Declare provisions of law operative or inoperative. At any time after an attack, upon ~~his~~ **its** determination that such action will tend to promote certainty as to the powers of insurance organizations or individuals pursuant to this chapter or that such action is desirable to enable insurance organizations to take preparatory precautions prior to the occurrence of an acute emergency, the ~~superintendent~~ **commission** shall have power to declare that any provision of this chapter which ~~he~~ **it** may specify shall be operative with respect to any domestic insurance organization or to the Maine business of any other insurance organization which ~~he~~ **it** may designate. Upon such declaration such organization and its directors, officers, acting directors and acting officers shall have all powers conferred by this chapter. The failure of the ~~superintendent~~ **commission** so to declare shall not be deemed to limit the powers of any organization or its directors, officers, acting directors or acting officers where an acute emergency exists in fact.

At any time after the commencement of an acute emergency or after the ~~superintendent~~ **commission** shall have declared any provision of this chapter operative under this subsection upon ~~his~~ **its** determination that an insurance organization is able, in whole or in part, to carry on its business in compliance with its charter and the laws, other than this chapter, the ~~superintendent~~ **commission** shall have power to declare that any provision of this chapter which ~~he~~ **it** may specify shall be inoperative with respect to any domestic insurance organization or in the Maine business of any other insurance organization which ~~he~~ **it** may designate. Upon such declaration, such organization shall be governed by its charter and the provisions of law other than this chapter, except insofar as they remain inoperative.

4. Possession of business and property. Upon the determination that, as a result of an acute emergency, the business and affairs of an insurance organization cannot otherwise be conducted in a safe and sound manner, the ~~superintendent~~ **commission** may forthwith take possession of the business and property of the insurance organization within this State or, if a domestic insurance organization, its business and property wherever situated. This chapter shall be applicable in any case in which the ~~superintendent~~ **commission** takes possession of an insurance organization under this subsection as through the insurance organization were an insurer of which the ~~superintendent~~ **commission** had taken possession under this chapter, except that no such provision shall be applicable which the ~~superintendent~~ **commission** shall have declared inapplicable under this subsection. The ~~superintendent~~ **commission** shall have power to declare inapplicable any such provision upon ~~his~~ **its** determination that the same is inappropriate or unnecessary to protect the interest of the public or the stockholders or creditors of the insurance organization, in view of the acute emergency and the nature of the organization.

5. When powers exercised. The powers given the **superintendent commission** by subsections 2 and 4 shall be exercised by ~~him~~ it only in the event that there is no court of competent jurisdiction available to which an application can be made for an order permitting ~~him~~ it to exercise such powers with respect to a particular insurance organization. The powers conferred by subsection 4 shall not be exercised in a case of an insurance organization which is not insolvent within the meaning of this chapter, unless the **superintendent commission** finds that such insurance organization lacks personnel able to manage its business in the interest of the public stockholders and policyholders.

6. Regulations. The **superintendent commission** shall have power to issue general and specific regulations, directives and orders consistent with and in furtherance of the purposes of this chapter.

Sec. 496. 24-A MRSA § 3556, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. Powers of board. During an acute emergency the board of a domestic insurance organization which has adopted emergency bylaws approved by the **superintendent commission** shall have all of the powers conferred by such bylaws, and no other or different powers with respect to the subject matter of this chapter, and the board of a domestic insurance organization which has not adopted emergency bylaws approved by the **superintendent commission** shall have all of the powers of an emergency board of directors as the same are provided for under this chapter.

Sec. 497. 24-A MRSA § 3606, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

§ 3606. Certificate of authority required

No such insurer shall transact insurance in this State except as authorized by a subsisting certificate of authority issued to the insurer by the commission.

Sec. 498. 24-A MRSA § 3607, sub-§ 3, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

3. If an insurer operating under this section fails to comply with the commission's request to increase its paid-in guaranty capital funds within the amount otherwise required by law, it shall cease to write any class or kind of insurance other than fire, marine or glass until such time as the commission's request has been complied with.

Sec. 499. 24-A MRSA § 3611, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

§ 3611. Guaranty capital shares; increase of paid-in capital

If an insurer heretofore or hereafter has been authorized to transact insurance upon the basis of guaranty capital shares not 100% paid-in, the unpaid portion of

such guaranty or so much thereof as the commission deems necessary shall be paid in at such times as in the opinion of the commission is necessary for the adequate protection of the policyholders.

Sec. 500. 24-A MRSA § 3612, first sentence, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

When the cash and other available assets of an insurer with guaranty capital shares are exhausted, such part of the guaranty capital fund as may be required shall, with the approval of the commission, be drawn and used to pay losses then due.

Sec. 501. 24-A MRSA § 3617, sub-§ 2, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

2. The decision on such complaint, when filed by any party except the insurer or a receiver or the commission, shall rest in the discretion of the court.

Sec. 502. 24-A MRSA § 3617, sub-§, first sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

Whenever the directors unreasonably neglect to make an assessment or call to satisfy an admitted or ascertained claim upon the insurer, any judgment creditor, or any person holding such admitted or ascertained claim, or the ~~superintendent~~ **commission** may make the application.

Sec. 503. 24-A MRSA § 3619, first sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

Whenever the court appoints a master or auditor to make the apportionment or calculation for an assessment, such master or auditor shall appoint a time and place to hear all parties interested in the assessment or call, and shall give personal notice thereof, in writing, to the ~~superintendent~~ **commission**, and through the post office or in such other manner as the court directs, so far as he is able, to all persons liable upon the assessment or call.

Sec. 504. 24-A MRSA § 3621, last sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

When, on application of the ~~superintendent~~ **commission** or any person interested, the court is of opinion that further attempts to collect an assessment than partially collected will not benefit those having claims against the insurer, it may stay its further collection.

Sec. 505. 24-A MRSA § 3622, sub-§ 1, ¶¶ A and B, as amended by PL 1973, c. 585, § 12, are further amended to read:

A. Surplus. The insurer shall have and maintain a surplus to policyholders, as determined by its last annual statement filed with the ~~superintendent~~ **commission**, of not less than \$100,000, or

B. Surplus and unearned premium reserve. The insurer shall have and maintain a surplus to policyholders, as determined by its latest annual statement filed with the ~~superintendent~~ **commission**, of not less than \$75,000, provided its unearned premium reserve is at all times less than its surplus to policyholders.

Sec. 506. 24-A MRSA § 3628, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. No fee shall be required by the ~~superintendent~~ **commission** for license as resident agent issued to any individual referred to in subsection 1, as agent of such an insurer.

Sec. 507. 24-A MRSA § 3629, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. Chapter 3 (the insurance ~~superintendent~~ **commission**), except that an insurer transacting insurance only on the assessment plan shall not be subject to section 228 (examination expense), and shall not be required to pay the expense of examination of the insurer;

Sec. 508. 24-A MRSA § 3856, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Twenty-five or more persons domiciled in this State may organize a domestic reciprocal insurer and make application to the ~~superintendent~~ **commission** for a certificate of authority to transact insurance.

Sec. 509. 24-A MRSA § 3856, sub-§ 2, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

The proposed attorney shall fulfill the requirements of and shall execute and file with the ~~superintendent~~ **commission**, when applying for a certificate of authority, a declaration setting forth:

Sec. 510. 24-A MRSA § 3856, sub-§ 2, ¶ I, as amended by PL 1973, c. 585, § 12, is further amended to read:

I. A statement that each of the original subscribers has in good faith applied for insurance of a kind proposed to be transacted, and that the insurer has received from each such subscriber the full premium or premium deposit required for the policy applied for, for a term of not less than 6 months at an adequate rate theretofore filed with and approved by the ~~superintendent~~ **commission**;

Sec. 511. 24-A MRSA § 3857, sub-§ 2, as repealed and replaced by PL 1977, c. 694, § 429, is amended to read:

2. The ~~superintendent~~ **commission** may refuse to grant a certificate of authority, and may file a complaint with the Administrative Court seeking suspension or revocation of a certificate of authority, for failure of the attorney to comply with any applicable provision of this Title, in addition to other grounds for those sanctions.

Sec. 512. 24-A MRSA § 3858, sub-§ 4, as amended by PL 1973, c. 585, § 12, is further amended to read:

4. The terms of any power of attorney or agreement collateral thereto shall be reasonable and equitable, and no such power or agreement shall be used or be effective in this State until approved by the **superintendent commission**.

Sec. 513. 24-A MRSA § 3860, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Concurrently with the filing of the declaration provided for in section 3856, the attorney of a domestic reciprocal insurer shall file with the **superintendent commission** a bond in favor of this State for the benefit of all persons damaged as a result of breach by the attorney of the conditions of his bond as set forth in subsection 2. The bond shall be executed by the attorney and by an authorized corporate surety, and shall be subject to the **superintendent's commission's** approval.

Sec. 514. 24-A MRSA § 3860, sub-§ 3, as amended by PL 1973, c. 585, § 12, is further amended to read:

3. The bond shall provide that it is not subject to cancellation unless 30 days' advance notice in writing of cancellation is given both the attorney and the **superintendent commission**.

Sec. 515. 24-A MRSA § 3861, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 3861. Deposit in lieu of bond

In lieu of the bond required under section 3860, the attorney may maintain on deposit with the Treasurer of State through the office of the **superintendent commission** a like amount in cash or in value of securities qualified under this Title as insurers' investments, and subject to the same conditions as the bond.

Sec. 516. 24-A MRSA § 3863, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Legal process shall be served upon a domestic reciprocal insurer by serving the insurer's attorney at his principal offices or by serving the **superintendent commission** as the insurer's process agent under sections 421 and 422.

Sec. 517. 24-A MRSA § 3864, 3rd sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

No such withdrawal or repayment shall be made without the advance approval of the **superintendent commission**.

Sec. 518. 24-A MRSA § 3865, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

In determining the financial condition of a reciprocal insurer, the **superintendent commission** shall apply the following rules.

Sec. 519. 24-A MRSA § 3865, sub-§ 1, as enacted by PL 1969, c. 132, § 1, is further amended to read:

1. ~~He~~ **It** shall charge as liabilities the same reserves as are required of incorporated insurers issuing nonassessable policies on a reserve basis.

Sec. 520. 24-A MRSA § 3870, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Assessments may from time to time be levied upon subscribers of a domestic reciprocal insurer liable therefor under the terms of their policies by the attorney upon approval in advance by the subscribers' advisory committee and the ~~superintendent~~ **commission**; or by the ~~superintendent~~ **commission** in liquidation of the insurer.

Sec. 521. 24-A MRSA § 3871, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. While his policy is in force or within one year after its termination, he is notified by either the attorney or the ~~superintendent~~ **commission** of ~~his intentions~~ **the intention** to levy such assessment, or

Sec. 522. 24-A MRSA § 3873, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. If a reciprocal insurer has a surplus of assets over all liabilities at least equal to the minimum capital stock and surplus required to be maintained by a domestic stock insurer authorized to transact like kinds of insurance, upon application of the attorney and as approved by the subscribers' advisory committee, the ~~superintendent~~ **commission** shall issue ~~his~~ **its** certificate authorizing the insurer to extinguish the contingent liability of subscribers under its policies then in force in this State, and to omit provisions imposing contingent liability in all policies delivered or issued for delivery in this State for so long as all such surplus remains unimpaired.

Sec. 523. 24-A MRSA § 3873, sub-§ 2, first sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

Upon impairment of such surplus, the ~~superintendent~~ **commission** shall forthwith revoke the certificate.

Sec. 524. 24-A MRSA § 3873, sub-§ 3, first sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

The ~~superintendent~~ **commission** shall not authorize a domestic reciprocal insurer so to extinguish the contingent liability of any of its subscribers or in any of its policies to be issued, unless it qualified to and does extinguish such liability of all its subscribers and in all such policies for all kinds of insurance transacted by it.

Sec. 525. 24-A MRSA § 3874, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 3874. Subscribers' share in assets

Upon the liquidation of a domestic reciprocal insurer, its assets remaining after discharge of its indebtedness and policy obligations, the return of any contributions of the attorney or other persons to its surplus, and the return of any unused premium, savings or credits then standing on subscribers' accounts, shall be distributed to its subscribers who were such within the 12 months prior to the last termination of its certificate of authority, according to such reasonable formula as the **superintendent commission** may approve.

Sec. 526. 24-A MRSA § 3875, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. A domestic reciprocal insurer upon affirmative vote of not less than 2/3 of its subscribers who vote on such merger pursuant to due notice and the approval of the **superintendent commission** of the terms therefor, may merge with another reciprocal insurer or be converted to a stock or mutual insurer.

Sec. 527. 24-A MRSA § 3875, sub-§ 3, as amended by PL 1973, c. 585, § 12, is further amended to read:

3. The **superintendent commission** shall not approve any plan for such merger or conversion which is inequitable to subscribers, or which, if for conversion to a stock insurer, does not give each subscriber preferential right to acquire stock of the proposed insurer proportionate to his interest in the reciprocal insurer as determined in accordance with section 3874 and a reasonable length of time within which to exercise such right.

Sec. 528. 24-A MRSA § 3876, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. If the attorney fails to make up such deficiency or to make the assessment within 30 days after the **superintendent commission** orders him to do so or if the deficiency is not fully made up within 60 days after the date the assessment was made, the insurer shall be deemed insolvent and shall be proceeded against as authorized by this Title.

Sec. 529. 24-A MRSA § 3876, sub-§ 3, as amended by PL 1973, c. 585, § 12, is further amended to read:

3. If liquidation of such an insurer is ordered, an assessment shall be levied upon the subscribers for such an amount, subject to limits as provided by this chapter, as the **superintendent commission** determines to be necessary to discharge all liabilities of the insurer, exclusive of any funds contributed by the attorney or other persons, but including the reasonable cost of the liquidation.

Sec. 530. 24-A MRSA § 4104, sub-§ 2, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

2. Such articles of incorporation, duly certified copies of the constitution, laws and rules, copies of all proposed forms of certificates, applications therefor, and

circulars to be issued by the society and a bond condition upon the return to applicants of the advanced payments if the organization is not completed within one year shall be filed with the commission, which may require such further information as it deems necessary. The bond with sureties approved by the commission shall be in such amount, not less than \$5,000 nor more than \$25,000, as required by the commission. All documents filed are to be in the English language. If the purposes of the society conform to the requirements of this chapter and all provisions of law have been complied with, the commission shall so certify, retain and file the articles of incorporation and furnish the incorporators a preliminary certificate authorizing the society to solicit members as hereinafter provided.

Sec. 531. 24-A MRSA § 4104, sub-§ 3, first sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

No preliminary certificate granted under this section shall be valid after one year from its date or after such further period, not exceeding one year, as may be authorized by the ~~superintendent~~ **commission** upon cause shown unless the 500 applicants hereinafter required have been secured and the organization has been completed as herein provided.

Sec. 532. 24-A MRSA § 4104, sub-§ 4, first sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

Upon receipt of a preliminary certificate from the ~~superintendent~~ **commission**, the society may solicit members for the purpose of completing its organization, shall collect from each applicant the amount of not less than one regular monthly premium in accordance with its table of rates as provided by its constitution and laws, and shall issue to each such applicant a receipt for the amount so collected.

Sec. 533. 24-A MRSA § 4104, sub-§ 4, ¶ E, as amended by PL 1973, c. 585, § 12, is further amended to read:

E. There has been submitted to the ~~superintendent~~ **commission**, under oath of the president or secretary, or corresponding officer of the society, a list of such applicants, giving their names, addresses, date each was admitted, name and number of the subordinate branch of which each applicant is a member, amount of benefits to be granted and premiums therefor; and

Sec. 534. 24-A MRSA § 4104, sub-§ 4, ¶ F, first sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

It shall have been shown to the ~~superintendent~~ **commission** by sworn statement of the treasurer, or corresponding officer of such society, that at least 500 applicants have each paid in cash at least one regular monthly premium as herein provided, which premiums in the aggregate shall amount to at least \$2,500, all of which shall be credited to the fund or funds from which benefits are to be paid and no part of which may be used for expenses.

Sec. 535. 24-A MRSA § 4104, sub-§ 5, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

5. The commission may make such examination and require such further information as it deems advisable. Upon presentation of satisfactory evidence that the society has complied with all the provisions of law, it shall issue to the society a certificate to that effect and that the society is authorized to transact business pursuant to this chapter. The certificate shall be prima facie evidence of the existence of the society at the date of such certificate. The commission shall cause a record of such certificate to be made. A certified copy of such record may be given in evidence with like effect as the original certificate.

Sec. 536. 24-A MRSA § 4108, 2nd ¶, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

It shall file with the commission:

Sec. 537. 24-A MRSA § 4108, sub-§ 2, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

2. A sworn statement by the president and secretary or corresponding officers of each society showing the financial condition thereof on a date fixed by the commission, but not earlier than December 31st, next preceding the date of the contract;

Sec. 538. 24-A MRSA § 4108, 3rd ¶ from the end, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

If the commission finds that the contract is in conformity with this section, that the financial statements are correct and that the consolidation or merger is just and equitable to the members of each society, it shall approve the contract and issue his certificate to such effect. Upon such approval, the contract shall be in full force and effect unless any society which is a party to the contract is incorporated under the laws of any other state or territory. In such event, the consolidation or merger shall not become effective unless and until it has been approved as provided by the laws of such state or territory and a certificate of such approval filed with the commission or, if the laws of such state or territory contain no such provision, then the consolidation or merger shall not become effective unless and until it has been approved by the commission of such state or territory and a certificate of such approval filed with the commission of this State.

Sec. 539. 24-A MRSA § 4109, first sentence, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

Any domestic fraternal benefit society may be converted and licensed as a mutual life insurance company by compliance with all the requirements of section 3352, if such plan of conversion has been approved by the commission.

Sec. 540. 24-A MRSA § 4109, 6th sentence, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

No such conversion shall take effect unless and until approved by the commission which may give such approval, if it finds that the proposed change is in conformity with the requirements of law and not prejudicial to the certificate holders of the society.

Sec. 541. 24-A MRSA § 4111, 2nd ¶, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

No amendment to the articles of incorporation, constitution or laws of any domestic society shall take effect unless approved by the commission, which shall approve such amendment, if it finds that it has been duly adopted and is not inconsistent with any requirement of the laws of this State or with the character, objects and purposes of the society. Unless the commission shall disapprove any such amendment within 60 days after the filing of same, such amendment shall be considered approved. The approval or disapproval of the commission shall be in writing and mailed to the secretary or corresponding officer of the society at its principal office. In case it disapproves such amendment, the reasons therefor shall be stated in such written notice.

Sec. 542. 24-A MRSA § 4111, 3rd ¶, first sentence, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

Within 90 days from the approval thereof by the commission, all such amendments, or a synopsis thereof, shall be furnished to all members of the society either by mail or by publication in full in the official organ of the society.

Sec. 543. 24-A MRSA § 4111, 2nd ¶ from the end, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

Every foreign or alien society authorized to do business in this State shall file with the commission a duly certified copy of all amendments of, or additions to, its articles of incorporation, constitution or laws within 90 days after the enactment of same.

Sec. 544. 24-A MRSA § 4120, first ¶, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

No life benefit certificate shall be delivered or issued for delivery in this State unless a copy of the form shall have been filed with the commission and approved by it as conforming to the requirements of this section and not inconsistent with any other provisions of law applicable thereto. A certificate shall be deemed approved unless disapproved by the commission within 60 days from the date of such filing.

Sec. 545. 24-A MRSA § 4121, as last amended by PL 1977, c. 694, § 430, is repealed and the following enacted in its place:

§ 4121. Accident and health insurance and total and permanent disability insurance certificates

No society shall issue or deliver in this State any certificate or other evidence of any contract or accident insurance or health insurance or of any total and permanent disability insurance contract unless and until the form thereof, together with the form of application and all riders or endorsements for use in connection therewith, shall have been filed with the commission and approved by it as conforming to reasonable rules and regulations from time to time made by it and as not inconsistent with any other provisions of law applicable thereto. The commission shall, within a reasonable time after the filing of any such form, notify the society filing the same either of its approval or of its disapproval of such form. The commission may approve any such form which in its opinion contains provisions on any one or more of the several requirements made by it which are more favorable to the members than the one or ones so required. The commission shall have power, from time to time, to make, alter and supersede reasonable regulations prescribing the required, optional and prohibited provisions in such contracts, and such regulations shall conform, as far as practicable, to chapter 33. Where the commission deems inapplicable, either in part or in their entirety, the provisions of the foregoing sections, it may prescribe the portions or summary thereof of the contract to be printed on the certificate issued to the member. Any filing made hereunder shall be deemed approved unless disapproved within 60 days from the date of such filing. The procedures governing all rules and regulations promulgated under authority of this section shall conform to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II.

Sec. 546. 24-A MRSA § 4123, first sentence, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

A domestic society may, by a reinsurance agreement, cede any individual risk or risks in whole or in part to an insurer, other than another fraternal benefit society, having the power to make such reinsurance and authorized to do business in this State, or if not so authorized, one which is approved by the commission, but no such society may reinsure substantially all of its insurance in force without the written permission of the commission.

Sec. 547. 24-A MRSA § 4124, 4th sentence, as repealed and replaced by PL 1977, c. 682, § 5, is repealed and the following enacted in its place:

For each license or renewal the society shall pay the commission a fee which shall be the same as for an insurer as provided in section 601.

Sec. 548. 24-A MRSA § 4125, first ¶, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

No foreign or alien society shall transact business in this State without a license issued by the commission. Any such society may be licensed to transact business in this State upon filing with the commission:

Sec. 549. 24-A MRSA § 4125, sub-§ 3, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

3. A power of attorney to the commission as prescribed in section 4129;

Sec. 550. 24-A MRSA § 4125, sub-§ 4, as amended by PL 1973, c. 585, § 12, is further amended to read:

4. A statement of its business under oath of its president and secretary or corresponding officers in a form prescribed by the **superintendent commission**, duly verified by an examination made by the supervising insurance official of its home state or other state, territory, province or country, satisfactory to the **superintendent commission** of this State;

Sec. 551. 24-A MRSA § 4126, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. When the **superintendent commission** upon investigation finds that a domestic society:

- A. Has exceeded its powers;
- B. Has failed to comply with any provision of this chapter;
- C. Is not fulfilling its contracts in good faith;
- D. Has a membership of less than 400 after an existence of one year or more;
or
- E. Is conducting business fraudulently or in a manner hazardous to its members, creditors, the public or the business;

he it shall notify the society of such deficiency or deficiencies and state in writing the reasons for his its dissatisfaction. He It shall at once issue a written notice to the society requiring that the deficiency or deficiencies which exist are corrected. After such notice the society shall have a 30-day period in which to comply with the **superintendent's commission's** request for correction, and if the society fails to comply, the **superintendent commission** shall notify the society of his its findings of noncompliance and require the society to show cause on a date named why it should not be enjoined from carrying on any business until the violation complained of shall have been corrected, or why an action in quo warranto should not be commenced against the society.

If on such date the society does not present good and sufficient reasons why it should not be so enjoined or why such action should not be commenced, the **superintendent commission** may present the facts relating thereto to the Attorney General who shall, if he deems the circumstances warrant, commence an action to enjoin the society from transacting business or in quo warranto.

The court shall thereupon notify the officers of the society of a hearing. If after a full hearing it appears that the society should be so enjoined or liquidated or a receiver appointed, the court shall enter the necessary order.

Sec. 552. 24-A MRSA § 4126, sub-§ 2, ¶ A, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

A. The commission finds that the violation complained of has been corrected;

Sec. 553. 24-A MRSA § 4126, sub-§§ 4 and 5, as amended by PL 1973, c. 585, § 12, are repealed and the following enacted in their place:

4. No action under this section shall be recognized in any court of this State unless brought by the Attorney General upon request of the commission. Whenever a receiver is to be appointed for a domestic society, the court shall appoint the commission as such receiver.

5. The provisions of this section relating to hearing by the commission, action by the Attorney General at the request of the commission, hearing by the court, injunction and receivership shall be applicable to a society which shall voluntarily determine to discontinue business.

Sec. 554. 24-A MRSA § 4127, sub-§ 1, first ¶, as repealed and replaced by PL 1977, c. 694, § 432, is amended to read:

Following investigation the ~~superintendent~~ **commission** may file a complaint with the Administrative Court seeking suspension or revocation of the license of a foreign or alien society upon evidence that the society:

Sec. 555. 24-A MRSA § 4127, sub-§ 1, last ¶, as repealed and replaced by PL 1977, c. 694, § 432, is amended to read:

The duration of any license suspension will be determined by the Administrative Court. Notwithstanding any of the provisions of this subsection, the ~~superintendent~~ **commission** has the authority to amend, modify or refuse to renew any license for cause, pursuant to the procedures set forth in the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter IV.

Sec. 556. 24-A MRSA § 4129, as last amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

§ 4129. Service of process

Every society authorized to do business in this State shall appoint in writing the commission and each successor in office to be its true and lawful attorney upon whom all lawful process in any action or proceeding against it shall be served, and shall agree in such writing that any lawful process against it which is served on said attorney shall be of the same legal force and validity as if served upon the society, and that the authority shall continue in force so long as any liability remains outstanding in this State. Copies of such appointment, certified by the commission, shall be deemed sufficient evidence thereof and shall be admitted in evidence with the same force and effect as the original thereof might be admitted.

Service shall only be made upon the commission, or if absent, upon the person in charge of its office. It shall be made in duplicate and shall constitute sufficient service upon the society. When legal process against a society is served upon the commission, it shall forthwith forward one of the duplicate copies by registered mail, prepaid, directed to the secretary or corresponding officer. Legal process

shall not be served upon a society except in the manner herein provided. At the time of serving any process upon the commission, the plaintiff or complainant in the action shall pay to the commission a fee of \$5.

Sec. 557. 24-A MRSA § 4130, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4130. Injunction

No application or petition for injunction against any domestic, foreign or alien society, or branch thereof, shall be recognized in any court of this State unless made by the Attorney General upon request of the ~~superintendent~~ **commission**.

Sec. 558. 24-A MRSA § 4131, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4131. Review

All decisions and findings of the ~~superintendent~~ **commission** made under this chapter shall be subject to review by proper proceedings in any court of competent jurisdiction in this State.

Sec. 559. 24-A MRSA § 4134, sub-§ 1, As amended by PL 1973, c. 585, § 12, is further amended to read:

1. Every society transacting business in this State shall annually, on or before the first day of March, unless for cause shown such time has been extended by the ~~superintendent~~ **commission**, file with the ~~superintendent~~ **commission** a true statement of its financial condition, transactions and affairs for the preceding calendar year and pay a fee of \$50 for filing same. The statement shall be in general form and context as approved by the National Association of Insurance Commissioners for fraternal benefit societies and as supplemented by additional information required by the ~~superintendent~~ **commission**.

Sec. 560. 24-A MRSA § 4134, sub-§ 3, first sentence, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

As a part of the annual statement herein required, each society shall, on or before the first day of March, file with the commission a valuation of its certificates in force on December 31st last preceding, provided the commission may, in its discretion for cause shown, extend the time for filing such valuation for not more than 2 calendar months.

Sec. 561. 24-A MRSA § 4134, sub-§ 6, ¶ B, sub-¶¶ (1) and (2), as amended by PL 1973, c. 585, § 12, are further amended to read:

(1) For certificates of life insurance: American Men Ultimate Table of Mortality, with Bowerman's or Davis' extension thereof or with the consent of the ~~superintendent~~ **commission**, the Commissioners 1941 Standard Ordinary Mortality Table, the Commissioners 1941 Standard Industrial Mortality Table or the Commissioners 1958 Standard Ordinary Mortality

Table, using actual age of the insured for male risks and an age more than 3 years younger than the actual age of the insured for female risks;

(2) For annuity and pure endowment certificates, excluding any disability and accidental death benefits in such certificates: The 1937 Standard Annuity Mortality Table or the Annuity Mortality Table for 1949, ultimate, or any modification of either of these tables approved by the **superintendent commission**;

Sec. 562. 24-A MRSA § 4134, sub-§ 6, ¶ B, sub-¶ (5), as amended by PL 1973, c. 585, § 12, is further amended to read:

(5) For noncancellable accident and health benefits: The class III disability table (1926) with conference modifications or, with the consent of the **superintendent commission**, tables based upon the society's own experience.

Sec. 563. 24-A MRSA § 4134, sub-§ 6, 2nd ¶ from the end, as amended by PL 1973, c. 585, § 12, is further amended to read:

The **superintendent commission** may, in ~~his~~ **its** discretion, accept other standards for valuation if ~~he~~ **it** finds that the reserves produced thereby will not be less in the aggregate than reserves computed in accordance with the minimum valuation standard herein prescribed. The **superintendent commission** may, in ~~his~~ **its** discretion, vary the standards of mortality applicable to all certificates of insurance on substandard lives or other extra hazardous lives by any society authorized to do business in this State. Whenever the mortality experience under all certificates valued on the same mortality table is in excess of the expected mortality according to such table for a period of 3 consecutive years, the **superintendent commission** may require additional reserves when deemed necessary in ~~his~~ **its** judgment on account of such certificates.

Sec. 564. 24-A MRSA § 4134, sub-§ 7, as amended by PL 1973, c. 585, § 12, is further amended to read:

7. A society neglecting to file the annual statement in the form and within the time provided by this section shall forfeit \$100 for each day during which such neglect continues, and, upon notice by the **superintendent commission** to that effect, its authority to do business in this State shall cease while such default continues.

Sec. 565. 24-A MRSA § 4135, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

§ 4135. Examination of domestic societies

The **commission**, or any person it may appoint, shall have the power of visitation and examination into the affairs of any domestic society and it shall make such examination at least once in every 3 years. It may employ assistants for the purpose of such examination, and it, or any person it may appoint, shall have free access to all books, papers and documents that relate to the business of the society. The minutes of the proceedings of the supreme legislative or

governing body and of the board of directors or corresponding body of a society shall be in the English language. In making any such examination, the commission may summon and qualify as witnesses under oath and examine its officers, agents and employees or other persons in relation to the affairs, transactions and condition of the society. A summary of the report of the commission and such recommendations or statements of the commission as may accompany such report shall be read at the first meeting of the board of directors or corresponding body of the society following the receipt thereof, and if directed so to do by the commission, shall also be read at the first meeting of the supreme legislative or governing body of the society following the receipt thereof. A copy of the report, recommendations and statements of the commission shall be furnished by the society to each member of such board of directors or other governing body. The expense of each examination and of each valuation, including compensation and actual expense of examiners, shall be paid by the society examined or whose certificates are valued, upon statements furnished by the commission.

Sec. 566. 24-A MRSA § 4136, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

§ 4136. Examination of foreign and alien societies

The commission, or any person whom it may appoint, may examine any foreign or alien society transacting or applying for admission to transact business in this State. It may employ assistants and it, or any person it may appoint, shall have free access to all books, papers and documents that relate to the business of the society. It may in its discretion accept, in lieu of such examination, the examination of the insurance department of the state, territory, district, province or country where such society is organized. The compensation and actual expenses of the examiners making any examination or general or special valuation shall be paid by the society examined or by the society whose certificate obligations have been valued, upon statements furnished by the commission.

Sec. 567. 24-A MRSA § 4137, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4137. No adverse publications

Pending, during or after an examination or investigation of a society, either domestic, foreign or alien, the ~~superintendent~~ commission shall make public no financial statement, report or finding, nor shall he it permit to become public any financial statement, report or finding affecting the status, standing or rights of any society, until a copy thereof shall have been served upon the society at its principal office and the society shall have been afforded a reasonable opportunity to answer any such financial statement, report or finding and to make such showing in connection therewith as it may desire.

Sec. 568. 24-A MRSA § 4142, 2nd ¶ from the end, as amended by PL 1973, c. 585, § 12, is further amended to read:

The ~~superintendent~~ **commission** may require from any society or association, by examination or otherwise, such information as will enable ~~him~~ **it** to determine whether such society or association is exempt from this chapter.

Sec. 569. 24-A MRSA § 4202, sub-§ 1-A is enacted to read:

1-A. Commission. “**Commission**” shall mean the **Insurance Commission**.

Sec. 570. 24-A MRSA § 4202, sub-§ 10, as enacted by PL 1975, c. 503, is repealed.

Sec. 571. 24-A MRSA § 4203, sub-§ 1, first sentence, as enacted by PL 1975, c. 503, is amended to read:

Notwithstanding any law of this State to the contrary, any person may apply to the ~~superintendent~~ **commission** for and obtain a certificate of authority to establish and operate a health maintenance organization in compliance with this chapter.

Sec. 572. 24-A MRSA § 4203, sub-§ 2, 2nd sentence, as enacted by PL 1975, c. 503, is amended to read:

Each such applicant may continue to operate until the ~~superintendent~~ **commission** acts upon the application.

Sec. 573. 24-A MRSA § 4203, sub-§ 3, first ¶, as enacted by PL 1975, c. 503, is amended to read:

Each application for a certificate of authority shall be verified by an officer or authorized representative of the applicant, shall be in a form prescribed by the ~~superintendent~~ **commission** and shall set forth or be accompanied by the following:

Sec. 574. 24-A MRSA § 4203, sub-§ 3, ¶H, as enacted by PL 1975, c. 503, is amended to read:

H. Financial statements showing the applicant’s assets, liabilities and sources of financial support. If the applicant’s financial affairs are audited by independent certified public accountants, a copy of the applicant’s most recent regular certified financial statement shall be deemed to satisfy this requirement, unless the ~~superintendent~~ **commission** directs that additional or more recent financial information is required for the proper administration of this chapter;

Sec. 575. 24-A MRSA § 4203, sub-§ 3, ¶J, as enacted by PL 1975, c. 503, is amended to read:

J. A power of attorney duly executed by such applicant, if not domiciled in this State, appointing the ~~superintendent~~ **commission** and ~~his~~ **its** successors in office, and duly authorized deputies, as the true and lawful attorney of such applicant in and for this State upon whom all lawful process in any legal action or proceeding against the health maintenance organization on a cause of action arising in this State may be served;

Sec. 576. 24-A MRSA § 4203, sub-§ 3, ¶ Q, as enacted by PL 1975, c. 503, is amended to read:

Q. Such other information as the ~~superintendent~~ **commission** may reasonably require to make the determinations required in section 4204.

Sec. 577. 24-A MRSA § 4204, sub-§ 1, first ¶, as enacted by PL 1975, c. 503 and as amended, is further amended to read:

Procedure upon receipt of an application for issuance of a certificate of authority. Upon receipt of an application for issuance of a certificate of authority, the ~~superintendent~~ **commission** forthwith shall transmit copies of such application and accompanying documents to the Commissioner of Human Services.

Sec. 578. 24-A MRSA § 4204, sub-§ 2, first ¶, as enacted by PL 1975, c. 503 and as amended, is further amended to read:

The ~~superintendent~~ **commission** shall issue or deny a certificate of authority to any person filing an application pursuant to section 4203 within 20 business days of receipt of the certification from the Commissioner of Human Services.

Issuance of a certificate of authority shall be granted upon payment of the application fee prescribed in section 4220, if the ~~superintendent~~ **commission** is satisfied that the following conditions are met:

Sec. 579. 24-A MRSA § 4204, sub-§ 2, ¶ C, 2nd ¶, as enacted by PL 1975, c. 503, is repealed and the following enacted in its place:

In making this determination, the commission may consider:

Sec. 580. 24-A MRSA § 4207, sub-§ 2, as enacted by PL 1975, c. 503, is amended to read:

2. No evidence of coverage, or amendment thereto, shall be issued or delivered to any person in this State until a copy of the form of the evidence of coverage, or amendment thereto, has been filed with and approved by the ~~superintendent~~ **commission**.

Sec. 581. 24-A MRSA § 4207, sub-§§ 4 and 5, as enacted by PL 1975, c. 503, are amended to read:

4. A copy of the form of the evidence of coverage to be used in this State, and any amendment thereto shall be subject to the filing and approval requirements of this section unless it is subject to the jurisdiction of the ~~superintendent~~ **commission** under the laws governing health insurance, or nonprofit hospital or medical service organization, in which event the filing and approval provisions of such laws shall apply.

5. No schedule of charges for enrollee coverage for health care services, or amendment thereto, may be used in conjunction with any health maintenance organization until a copy of such schedule, or amendment thereto, has been filed with and approved by the ~~superintendent~~ **commission**.

Sec. 582. 24-A MRSA § 4207, sub-§§ 7 and 8, as enacted by PL 1975, c. 503, are repealed and the following enacted in their place:

7. The commission shall, within a reasonable period, approve any form and any schedule of charges if the requirements of this section are met. It shall be unlawful to issue such form or to use such schedule of charges until approved. If the commission disapproves such filing, it shall notify the filer. In the notice, the commission shall specify the reasons for its disapproval. A hearing will be granted within 10 days after a request in writing by the person filing. If the commission does not disapprove any form or schedule of charges within 30 days of the filing of such form or charges, they shall be deemed approved.

8. The commission may require the submission of whatever relevant information it deems necessary in determining whether to approve or disapprove a filing made pursuant to this section.

Sec. 583. 24-A MRSA § 4208, sub-§ 1, as enacted by PL 1975, c. 503 and as amended, is further amended to read:

1. Every health maintenance organization shall annually, on or before the first day of April, file a report verified by at least 2 principal officers with the ~~superintendent~~ **commission** with a copy to the Commissioner of Human Services, covering the preceding calendar year.

Sec. 584. 24-A MRSA § 4208, sub-§ 2, first ¶, as enacted by PL 1975, c. 503, is repealed and the following enacted in its place:

Such report shall be on forms prescribed by the commission and shall include:

Sec. 585. 24-A MRSA § 4208, sub-§ 2, ¶A, as enacted by PL 1975, c. 503, is amended to read:

A. A financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding year certified by an independent certified public accountant; such financial statement shall conform to report methods or procedures as prescribed in a regulation promulgated by the ~~superintendent~~ **commission**;

Sec. 586. 24-A MRSA § 4208, sub-§ 2, ¶E, as enacted by PL 1975, c. 503, is amended to read:

E. Such other information relating to the performance of the health maintenance organization as is necessary to enable the ~~superintendent~~ **commission** to carry out ~~his~~ **its** duties under this chapter.

Sec. 587. 24-A MRSA § 4210, sub-§ 1, 2nd and 3rd sentences, as enacted by PL 1975, c. 503, are amended to read:

A health maintenance organization may apply to the ~~superintendent~~ **commission** for authorization to impose such underwriting restrictions upon enrollment as are necessary to preserve its financial stability, to prevent excessive adverse

selection by prospective enrollees, or to avoid unreasonably high or unmarketable charges for enrollee coverage for health care services. The ~~superintendent~~ **commission** shall approve or deny such application within 10 days of the receipt thereof from the health maintenance organization.

Sec. 588. 24-A MRSA § 4211, sub-§ 1, as enacted by PL 1975, c. 503 and as amended, is further amended to read:

1. Every health maintenance organization shall establish and maintain a complaint system which has been approved by the ~~superintendent~~ **commission**, after consultation with the Commissioner of Human Services, to provide reasonable procedures for the resolution of written complaints initiated by enrollees concerning health care services and general operating procedures.

Sec. 589. 24-A MRSA § 4211, sub-§ 2, first ¶, as enacted by PL 1975, c. 503 and as amended, is further amended to read:

Each health maintenance organization shall submit to the ~~superintendent~~ **commission** and the Commissioner of Human Services an annual report in a form prescribed by the ~~superintendent~~ **commission** after consultation with the Commissioner of Human Services, which shall include:

Sec. 590. 24-A MRSA § 4211, sub-§§ 3 and 4, as enacted by PL 1975, c. 503, and as amended, are repealed and the following enacted in their place:

3. **The health maintenance organization shall maintain records of written complaints filed with it concerning other than health care services and shall submit to the commission a summary report at such times and in such format as the commission may require. Such complaints involving other persons shall be referred to such persons with a copy to the commission.**

4. **The commission and the Commissioner of Human Services may examine such complaint system.**

Sec. 591. 24-A MRSA § 4212, sub-§ 2, as enacted by PL 1975, c. 503, is repealed and the following enacted in its place:

2. **An enrollee may not be cancelled or nonrenewed except for the failure to pay the charge for such coverage or for such other reasons as may be promulgated by the commission.**

Sec. 592. 24-A MRSA § 4213, as amended by PL 1977, c. 694, § 433, is repealed and the following enacted in its place:

§ 4213. Regulation of agents

The commission may, after notice and hearing pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, promulgate such reasonable rules and regulations as are necessary to provide for the licensing of agents. An agent means a person directly or indirectly associated with a health maintenance organization who engages in solicitation or enrollment.

Sec. 593. 24-A MRSA § 4215, sub-§ 1, as enacted by PL 1975, c. 503, is repealed and the following enacted in its place:

1. The commission may make an examination of the affairs of any health maintenance as often as it deems it necessary for the protection of the interests of the people of this State, but not less frequently than once every 3 years.

Sec. 594. 24-A MRSA § 4215, sub-§§ 3 and 4, as enacted by PL 1975, c. 503 and as amended, are further amended to read:

3. Every health maintenance organization shall submit its books and records relating to health care services to such examinations and in every way facilitate them. For the purpose of examinations, the ~~superintendent~~ commission and the Commissioner of Human Services may administer oaths to and examine the officers and agents of the health maintenance organization.

4. The expenses of examinations under this section shall be assessed against the organization being examined and remitted to the ~~superintendent~~ commission or the Commissioner of Human Services for whom the examination is being conducted.

Sec. 595. 24-A MRSA § 4215, sub-§ 5, as enacted by PL 1975, c. 503 and as amended, is repealed and the following enacted to read:

5. In lieu of such examination, the commission or Commissioner of Human Services may accept the report of an examination made by persons holding comparable office of another state.

Sec. 596. 24-A MRSA § 4216, sub-§ 1, first ¶, as repealed and replaced by PL 1977, c. 694, § 434, is amended to read:

The ~~superintendent~~ commission may file a complaint with the Administrative Court seeking the suspension or revocation of any certificate of authority issued to a health maintenance organization under this chapter if ~~he~~ it finds that any of the following conditions exist:

Sec. 597. 24-A MRSA § 4216, sub-§ 1, ¶ A, as enacted by PL 1975, c. 503, is amended to read:

A. The health maintenance organization is operating significantly in contravention of its basic organizational document or in a manner contrary to that described in and reasonably inferred from any other information submitted under section 4203, unless amendments to such submissions have been filed with and approved by the ~~superintendent~~ commission;

Sec. 598. 24-A MRSA § 4216, sub-§ 1, ¶ D, first ¶, as enacted by PL 1975, c. 503, and as amended, is repealed and the following enacted in its place:

The Commissioner of Human Services certifies to the commission that:

Sec. 599. 24-A MRSA § 4216, sub-§ 4, 3rd sentence, as enacted by PL 1975, c. 503, is amended to read:

The ~~superintendent~~ **commission** may, by written order, permit such further operation of the organization ~~has~~ **as it** may find to be in the best interest of enrollees, to the end that enrollees will be afforded the greatest practical opportunity to obtain continuing health care coverage.

Sec. 600. 24-A MRSA § 4217, as enacted by PL 1975, c. 503, is repealed and the following enacted in its place:

§ 4217. Rehabilitation, liquidation or conservation of health maintenance organizations

Any rehabilitation, liquidation or conservation of a health maintenance organization shall be deemed to be the rehabilitation, liquidation or conservation of an insurance company and shall be conducted under the supervision of the commission pursuant to the laws governing the rehabilitation, liquidation or conservation of insurance companies. The commission may institute summary proceedings in the same manner as provided in the laws governing delinquent insurers, and it may apply for an order directing him to rehabilitate, liquidate or conserve a health maintenance organization when in its opinion the continued operation of the health maintenance organization would be hazardous either to the enrollees or to the people of this State.

Sec. 601. 24-A MRSA § 4218, as amended by PL 1977, c. 694, § 435, is repealed and the following enacted in its place:

§ 4218. Regulations

The commission may, after notice and hearing pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II, promulgate reasonable rules and regulations as are necessary or proper to carry out this chapter. Such rules and regulations shall be subject to review in accordance with sections 229 to 236.

Sec. 602. 24-A MRSA § 4219, sub-§ 1, as repealed and replaced by PL 1977, c. 694, § 436, is amended to read:

1. When the ~~superintendent~~ **commission** has cause to believe that grounds exist for the filing of a complaint seeking the suspension or revocation of a certificate of authority, ~~he~~ **it** shall notify the health maintenance organization and the Commissioner of Human Services in writing specifically stating the grounds for suspension or revocation. The Commissioner of Human Services, or his designated representative, shall participate in any disciplinary proceedings. In the process of determining whether grounds for suspension or revocation exist the findings of the commissioner with respect to matters relating to the quality of health care services provided shall be conclusive and binding upon the ~~Superintendent of Insurance~~ **Insurance Commission**. The duration of and conditions attached to any suspension shall be determined by the Administrative Court.

Sec. 603. 24-A MRSA § 4219, sub-§ 2, as repealed and replaced by PL 1977, c. 694, § 436, is amended to read:

2. The ~~Superintendent of Insurance~~ **commission**, acting in concert with the Commissioner of Human Services, has the authority to amend, modify or refuse to renew any certificate of authority for cause, pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter IV.

Sec. 604. 24-A MRSA § 4220, sub-§ 1, first ¶, as enacted by PL 1975, c. 503, is repealed and the following enacted in its place:

Every health maintenance organization subject to this chapter shall pay to the commission the following fees:

Sec. 605. 24-A MRSA § 4220, sub-§ 2, as enacted by PL 1975, c. 503 and as amended, is repealed and the following enacted in its place:

2. Fees charged under this section shall be distributed as follows: 50% to the commission and 50% to the Commissioner of Human Services.

Sec. 606. 24-A MRSA § 4221, sub-§ 1, as amended by PL 1977, c. 694, § 437, is further amended to read:

1. The ~~superintendent~~ **commission** may levy an administrative penalty in an amount not less than \$100 nor more than \$500, if reasonable notice in writing is given of the intent to levy the penalty and the health maintenance organization has a reasonable time within which to remedy the defect in its operations which give rise to the penalty citation. The ~~superintendent~~ **commission** may augment this penalty by an amount equal to the sum that ~~he~~ **it** calculates to be the damages suffered by enrollees or other members of the public.

Sec. 607. 24-A MRSA § 4221, sub-§ 2, as enacted by PL 1975, c. 503 and as amended, is further amended to read:

2. If the ~~superintendent~~ **commission** or the Commissioner of Human Services shall for any reason have cause to believe that any violation of this chapter has occurred or is threatened, the ~~superintendent~~ **commission** or Commissioner of Human Services may give notice to the health maintenance organization and to the representatives, or other persons who appear to be involved in such suspected violation, to arrange a conference with the alleged violators or their authorized representatives for the purpose of attempting to ascertain the facts relating to such suspected violation and, in the event it appears that any violation has occurred or is threatened, to arrive at an adequate and effective means of correcting or preventing such violation.

Proceedings under this subsection shall not be governed by any formal procedural requirements and may be conducted in such manner as the ~~superintendent~~ **commission** or the Commissioner of Human Services may deem appropriate under the circumstances.

Sec. 608. 24-A MRSA § 4221, sub-§ 3, first ¶, as enacted by PL 1975, c. 503, is amended to read:

The **superintendent commission** may issue an order directing a health maintenance organization or a representative of a health maintenance organization to cease and desist from engaging in any act or practice in violation of this chapter.

Sec. 609. 24-A MRSA § 4221, sub-§ 4, as enacted by PL 1975, c. 503, is amended to read:

4. In the case of any violation under this chapter, if the **superintendent commission** elects not to issue a cease and desist order, or in the event of noncompliance with a cease and desist order issued pursuant to this section, the **superintendent commission** may apply to the Superior Court to issue an injunction restraining the company in whole or in part from proceeding further with its business, or ~~he~~ **it** may apply for an order of the court to command performance consistent with contractual obligations of the health maintenance organization.

Sec. 610. 24-A MRSA § 4353, sub-§ 6, as amended by PL 1973, c. 585, § 12, is further amended to read:

6. "Reciprocal state" means any state other than this State in which in substance and effect the uniform insurers liquidation act, as defined in section 4363, is in force, including provisions requiring that the Insurance ~~commissioner~~ **Commission** or equivalent insurance supervisory official be the receiver of a delinquent insurer, and in which effective provisions exist for avoidance of fraudulent conveyances and unlawful preferential transfers.

Sec. 611. 24-A MRSA § 4354, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. The venue of delinquency proceedings against a domestic insurer shall be in the county in this State of the insurer's principal place of business; or, if the principal place of business is located in another state, in any county in this State selected by the **superintendent commission** for the purpose. The venue of proceedings against foreign insurers shall be in any county in this State selected by the **superintendent commission** for the purpose.

Sec. 612. 24-A MRSA § 4354, sub-§ 3, as amended by PL 1973, c. 585, § 12, is further amended to read:

3. At any time after commencement of a proceeding, the **superintendent commission** or any other party may apply to the court for an order changing the venue of, and removing, the proceeding to any other county of this State in which the proceeding may most conveniently, economically and efficiently be conducted.

Sec. 613. 24-A MRSA § 4356, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

The **superintendent commission** may petition for an order directing him to

rehabilitate a domestic insurer or an alien insurer domiciled in this State on any one or more of the following grounds:

Sec. 614. 24-A MRSA § 4356, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. On any ground for liquidation of the insurer under section 4357, if the ~~superintendent~~ **commission** believes rehabilitation possible without substantial increase of risk to creditors, policyholders or the public;

Sec. 615. 24-A MRSA § 4356, sub-§ 5, as amended by PL 1973, c. 585, § 12, is further amended to read:

5. If the ~~superintendent~~ **commission** finds after hearing that any individual exercising executive power with respect to or otherwise materially influencing or controlling the insurer, directly or indirectly, is dishonest or untrustworthy in matters affecting the insurer, and has not been or cannot effectively and permanently be removed from such power, influence or control;

Sec. 616. 24-A MRSA § 4356, sub-§ 7, as amended by PL 1973, c. 585, § 12, is further amended to read:

7. For failure of the insurer, or its parent corporation, or subsidiary or affiliated person controlled by the insurer, to submit its books, accounts, records and affairs to the reasonable inspection or examination of the ~~superintendent~~ **commission** or ~~his its~~ examiner as authorized under this Title; or if any individual exercising any executive authority in the affairs of the insurer or parent corporation or subsidiary or affiliated person has refused to be examined under oath, by the ~~superintendent~~ **commission** or ~~his its~~ examiner thereunto duly authorized, whether within this State or otherwise, concerning the pertinent affairs of the insurer or parent corporation or subsidiary or affiliated person, or if examined under oath refuses to divulge pertinent information reasonably known to him; or for failure of officers, employees and other representatives of the insurer or parent corporation or subsidiary or affiliated person to comply promptly with the reasonable requests of the ~~superintendent~~ **commission** of ~~his its~~ examiner for the purposes of and during the conduct of any such examination;

Sec. 617. 24-A MRSA § 4356, sub-§ 9, as amended by PL 1973, c. 585, § 12 is further amended to read:

9. If the insurer has transferred or attempted to transfer substantially its entire property or business, or has entered into any transaction the effect of which is to merge or consolidate substantially its entire property or business in that of any other insurer, without first having obtained the written approval of the ~~superintendent~~ **commission** as required under this Title;

Sec. 618. 24-A MRSA § 4357, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

The ~~superintendent~~ **commission** may apply to the court for an order appointing

~~him it~~ as receiver, if ~~his its~~ appointment as receiver is not then in effect, and directing ~~him it~~ to liquidate the business of a domestic insurer or of the United States branch of an alien insurer having trustee assets in this State, whether or not there has been a prior order directing ~~him it~~ to rehabilitate the insurer, upon any one or more of the following grounds:

Sec. 619. 24-A MRSA § 4357, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. That the insurer has failed to cure an impairment of surplus or capital or assets within the time allowed therefor by any lawful order of the ~~superintendent~~ **commission**;

Sec. 620. 24-A MRSA § 4357, sub-§ 5, as amended by PL 1973, c. 585, § 12, is further amended to read:

5. That efforts to rehabilitate the insurer and remove the causes or adverse effects thereof for which rehabilitation was instituted have failed despite all reasonable efforts by the ~~superintendent~~ **commission**, or cannot be continued without material increase of risk of loss to the insurer's creditors or policyholders; or

Sec. 621. 24-A MRSA § 4358, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4358. Ground for conservation, foreign and alien insurers

The ~~superintendent~~ **commission** may apply to the court for an order appointing ~~him it~~ as receiver or ancillary receiver, and directing ~~him it~~ to conserve the assets within this State, of a foreign or alien insurer upon any of the applicable ground specified in sections 4356 or 4357, or upon the ground that the insurer's property has been sequestered in its domiciliary sovereignty or in any other sovereignty; or in case of an alien insurer, that the insurer has failed to make good an impairment of its trustee funds within the time required therefor by order of the ~~superintendent~~ **commission**.

Sec. 622. 24-A MRSA § 4359, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4359. Grounds for ancillary liquidation, foreign and alien insurers

The ~~superintendent~~ **commission** may apply to the court for an order appointing ~~him it~~ to liquidate the business of a foreign or alien insurer having assets, business or claims in this State upon the appointment in the domiciliary sovereignty of such insurer of a receiver, liquidator, conservator, rehabilitator or other officer by whatever name called for the purpose of liquidating the business of the insurer.

Sec. 623. 24-A MRSA § 4360, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. The ~~superintendent~~ **commission** shall commence a delinquency proceeding

authorized under this chapter, the Attorney General representing ~~him~~ **it**, by filing a petition in a court of proper jurisdiction praying for appointment of the ~~superintendent~~ **commission** as receiver of the insurer.

Sec. 624. 24-A MRSA § 4361, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4361. Service of process

A certified copy of any order to show cause issued under section 4360, and a copy of the petition upon which the same is made, shall be served upon the insurer by delivering the same to its president, vice-president, secretary, treasurer, director or to its managing agent or attorney in fact, if a reciprocal insurer; or if no such officer or functionary can readily be found in this State, then such process may be served upon the insurer by service thereof upon the ~~superintendent~~ **commission** pursuant to sections 421 or 422.

Sec. 625. 24-A MRSA § 4362, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4362. Injunctions

1. Upon application by the ~~superintendent~~ **commission** for such an order to show cause, or at any time thereafter, the court may without notice issue an injunction restraining the insurer, its officers, directors, stockholders, members, subscribers, agents and all other persons from the transaction of its business or the waste or disposition of its property until the further order of the court.

2. The court may at any time during a proceeding under this chapter issue such other injunctions or orders as may be deemed necessary to prevent interference with the ~~superintendent~~ **commission** or the proceeding, or waste of the assets of the insurer, or the commencement or prosecution of any actions, or the obtaining of preferences, judgments, attachments or other liens, or the making of any levy against the insurer or against its assets or any part thereof.

3. Notwithstanding any other provision of law, no bond shall be required of the ~~superintendent~~ **commission** as a prerequisite for the issuance of any injunction or restraining order pursuant to this section.

Sec. 626. 24-A MRSA § 4364, sub-§§ 1, 2, 4, 6 and 7, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. Whenever under this chapter a receiver is to be appointed in delinquency proceedings for an insurer, the court shall appoint the ~~superintendent~~ **commission** as such receiver. The court shall order the ~~superintendent~~ **commission** forthwith to take possession of the assets of the insurer and to administer the same under the orders of the court.

2. As a domiciliary receiver, the ~~superintendent~~ **commission** shall be vested by operation of law with the title to all of the property, contracts and rights of action

and all of the books and records of the insurer, wherever located, as of the date of entry of the order directing ~~him~~ it to rehabilitate or liquidate a domestic insurer or to liquidate the United States branch of an alien insurer domiciled in this State, and ~~he~~ it shall have the right to recover the same and reduce the same to possession; except that ancillary receivers in reciprocal states shall have, as to assets located in their respective states, the rights and powers which are herein prescribed for ancillary receivers appointed in this State as to assets located in this State.

4. The ~~superintendent~~ **commission** as domiciliary receiver shall be responsible for the proper administration of all assets coming into ~~his~~ **its** possession or control. The court may at any time require a bond from ~~him~~ **the commission** or ~~his~~ **its** deputies, if deemed desirable for the protection of such assets.

6. In connection with delinquency proceedings, the ~~superintendent~~ **commission** may appoint one or more special ~~deputy superintendents~~ **deputies** to act for ~~him~~ it and ~~he~~ it may employ such counsel, clerks and assistants as ~~he~~ it deems necessary. The compensation of the special deputies, counsel, clerks or assistants and all expenses of taking possession of the insurer and of conducting the proceedings shall be fixed by the receiver and shall be paid out of the funds or assets of the insurer. Within the limits of duties imposed upon them, special deputies shall possess all the powers given to and, in the exercise of those powers, shall be subject to all of the duties imposed upon the receiver with respect to such proceedings.

7. During such receivership, the ~~superintendent~~ **commission** shall file in the court, at regular intervals not less frequently than quarterly, ~~his~~ **its** true reports in summary form of the insurer's affairs under the receivership, and of progress being made in accomplishing the objectives of the receivership. All such reports, together with such additional or special reports as the court may reasonably require, shall be subject to review by the court; and all actions of the receiver therein reported shall be subject to the court's approval, but the court shall not withhold approval or disapprove any such action, unless found by the court after a hearing thereon in open court to be unlawful or arbitrary or capricious.

Sec. 627. 24-A MRSA § 4365, sub-§ 1 as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Whenever under this chapter an ancillary receiver is to be appointed in delinquency proceedings for an insurer not domiciled in this State, the court shall appoint the ~~superintendent~~ **commission** as ancillary receiver. The ~~superintendent~~ **commission** shall file a petition requesting the appointment on the grounds set forth in section 4358 or 4359:

A. If ~~he~~ it finds that there are sufficient assets of the insurer located in this State to justify the appointment of an ancillary receiver; or

B. If 10 or more persons resident in this State having claims against such insurer file a petition with the ~~superintendent~~ **commission** requesting the

appointment of such ancillary receiver.

Sec. 628. 24-A MRSA § 4367, sub-§ 2, ¶ B, as enacted by PL 1969, c. 132, § 1 is amended to read:

B. If ancillary proceedings have been commenced in this State, be proved in those proceedings. In the event that any such claimant elects to prove his claim in this State, he shall file his claim with the ancillary receiver and shall give notice in writing to the receiver in the domiciliary state, either by registered or certified mail or by personal service at least 40 days prior to the date set for hearing. The notice shall contain a concise statement of the amount of the claim, the facts on which the claim is based and the priorities asserted, if any. If the domiciliary receiver within 30 days after the giving of such notice shall give notice in writing to the ancillary receiver and to the claimant, either by registered or certified mail or by personal service, of ~~his~~ ~~its~~ intention to contest such claim, ~~he~~ ~~it~~ shall be entitled to appear or to be represented in any proceeding in this State involving adjudication of the claim. The final allowance of the claim by the courts of this State shall be accepted as conclusive as to its amount and shall also be accepted as conclusive as to its priority, if any, against special deposits or other security located within this State.

Sec. 629. 24-A MRSA § 4370, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4370. Limitations on appointment of receiver; action by judgment creditor

No order, judgment or decree enjoining, restraining or interfering with the prosecution of the business of any insurer or for the appointment of a temporary or permanent receiver of a domestic insurer shall be made or granted otherwise than upon the petition of the ~~superintendent~~ **commission** represented by the Attorney General as provided in this chapter.

Sec. 630. 24-A MRSA § 4371, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4371. Deposit of moneys

The ~~moneys~~ ~~moneys~~ collected by the ~~superintendent~~ **commission** in a proceeding under this chapter shall be from time to time deposited in one or more state or national banks, savings banks or trust companies, and in the case of the insolvency or voluntary or involuntary liquidation of any such depository which is an institution organized and supervised under the laws of this State, such deposits shall be entitled to priority of payment on an equality with any other priority given by the banking laws of this State. The ~~superintendent~~ **commission** may in ~~his~~ ~~its~~ discretion deposit such ~~moneys~~ ~~moneys~~ or any part thereof in a national bank or trust company as a trust fund.

Sec. 631. 24-A MRSA § 4372, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4372. Exemption from fees

The ~~superintendent~~ **commission** shall not be required to pay any fee to any public officer in this State for service of process, filing, recording, issuing a transcript or certificate or authenticating any paper or instrument pertaining to the exercise by the ~~superintendent~~ **commission** of any of the powers or duties conferred upon ~~him~~ **it** under this chapter, whether or not such paper or instrument be executed by the ~~superintendent~~ **commission** or ~~his~~ **its** deputies, employees or attorneys of record and whether or not it is connected with the commencement of any action or proceeding by or against the ~~superintendent~~ **commission**, or with the subsequent conduct of such action or proceeding.

Sec. 632. 24-A MRSA § 4373, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4373. Escrowing on pledge of assets

For the purpose of facilitating the rehabilitation, liquidation, conservation or dissolution of an insurer pursuant to this chapter, the ~~superintendent~~ **commission** may, subject to the approval of the court, borrow money and execute, acknowledge and deliver notes or other evidences of indebtedness therefor and secure the repayment of the same by the mortgage, pledge, assignment, transfer in trust, or hypothecation of any or all of the property, whether real, personal or mixed, of such insurer, and the ~~superintendent~~ **commission** subject to the approval of the court shall have power to take any and all other action necessary and proper to consummate any such loan and to provide for the repayment thereof. The ~~superintendent~~ **commission** shall be under no obligation personally or in ~~his~~ **its** official capacity to repay any loan made pursuant to this section.

Sec. 633. 24-A MRSA § 4374, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4374. Termination of rehabilitation

If at any time the court finds, after hearing in open court, upon petition of the ~~superintendent~~ **commission** or of the insurer or of his own motion, that the objectives of an order to rehabilitate a domestic insurer or an alien insurer domiciled in this State have been accomplished, and that the insurer can be returned to its own management without further jeopardy to the insurer and its creditors or policyholders or stockholders or to the public, the court may, upon a full report and accounting by the ~~superintendent~~ **commission** relative to the conduct of the insurer's affairs during the rehabilitation and of the insurer's current financial condition, terminate the rehabilitation and by order return the insurer, its assets and affairs, to the insurer's management.

Sec. 634. 24-A MRSA § 4375, sub-§§ 3 and 4, as amended by PL 1973, c. 585, § 12, are further amended to read:

3. Every director, officer, employee, stockholder, member or any other person acting on behalf of such insurer, who, within 2 years prior to the filing of a petition

for an order to show cause against such insurer under this chapter, shall knowingly participate in the making of any transfer or the creation of any lien prohibited by subsection 1, and every person receiving any property of, or cash surrender from, such insurer or the benefit thereof as a result of a transaction voidable under subsection 2, shall be jointly and severally liable therefor and shall be bound to account to the ~~commissioner~~ **commission** as receiver, rehabilitator, liquidator or conservator, as the case may be.

4. The ~~superintendent~~ **commission** as receiver, rehabilitator, liquidator or conservator may avoid any transfer of or lien upon the property of an insurer which any creditor, stockholder or member of such insurer might have avoided and may recover the property so transferred or its value from the person to whom it was transferred, unless he was a bona fide holder for value prior to the date of the entry of an order to show cause under this chapter. Such property may be recovered or its value collected from whoever may have received it, except a bona fide holder for value.

Sec. 635. 24-A MRSA § 4377, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. After the entry of the order of insolvency, regardless of any prior notice that may have been given to creditors, the ~~superintendent~~ **commission** shall notify all persons who may have claims against the insurer to file such claims with ~~him~~ **the commission**, at a place and within the time specified in the notice, or that such claims shall be forever barred. The time specified in the notice shall be as fixed by the court for filing of claims and which shall be not less than 6 months after the entry of the order of insolvency. The notice shall be given in such manner and for such reasonable period of time as may be ordered by the court.

Sec. 636. 24-A MRSA § 4382, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4382. Report and petition for assessment

Within 3 years after the date of the entry of an order of rehabilitation or liquidation of a domestic mutual insurer or a domestic reciprocal insurer, the ~~superintendent~~ **commission** may make and file ~~his~~ **its** report and petition to the court setting forth:

1. The reasonable value of the assets of the insurer;
2. The liabilities of the insurer to the extent thus far ascertained by the ~~superintendent~~ **commission**;
3. The aggregate amount of the assessment, if any, which the ~~superintendent~~ **commission** deems reasonably necessary to pay all claims, the costs and expenses of the collection of the assessments and the costs and expenses of the delinquency proceedings in full; and
4. Any other information relative to the affairs or property of the insurer that the ~~superintendent~~ **commission** deems material.

Sec. 637. 24-A MRSA § 4383, sub-§§ 1 and 3, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. Upon the filing and reading of the report and petition provided for in section 4382, the court, ex parte, may order the **superintendent commission** to assess all members or subscribers of the insurer who may be subject to such an assessment, in such an aggregate amount as the court finds reasonably necessary to pay all valid claims as may be timely filed and proved in the delinquency proceedings, together with the costs and expenses of levying and collecting assessments and the costs and expenses of the delinquency proceedings in full. Any such order shall require the **superintendent commission** to assess each such member or subscriber for his proportion of the aggregate assessment, according to such reasonable classification of such members or subscribers and formula as may be made by the **superintendent commission** and approved by the court.

3. After the entry of the order to levy and assess members or subscribers of an insurer referred to in subsections 1 and 2, the **superintendent commission** shall levy and assess members or subscribers in accordance with the order.

Sec. 638. 24-A MRSA § 4384, sub-§§ 1, 3, and 5, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. Any assessment of a subscriber or member of an insurer made by the **superintendent commission** pursuant to the order of court fixing the aggregate amount of the assessment against all members or subscribers and approving the classification and formula made by the **superintendent commission** under section 4383, subsection 1 shall be prima facie correct.

3. If any such member or subscriber fails to pay the assessment within the period specified in the notice, which period shall not be less than 20 days after mailing, the **superintendent commission** may obtain an order in the delinquency proceedings requiring the member or subscriber to show cause at a time and place fixed by the court why judgment should not be entered against such member or subscriber for the amount of the assessment together with all costs, and a copy of the order and a copy of the petition therefor shall be served upon the member or subscriber within the time and in the manner designated in the order.

5. The **superintendent commission** may collect any such assessment through any other lawful means.

Sec. 639. 24-A MRSA § 4385, sub-§§ 1 and 2, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. Whenever in the **superintendent's commission's** opinion liquidation of a domestic insurer or an alien insurer domiciled in this State would be facilitated by a federal receivership, and when any ground exists upon which the **superintendent commission** might petition the court for an order of rehabilitation or liquidation of the insurer under this chapter, or if such an order has already been entered, the **superintendent commission** may request another **superintendent commission** or

other resident of another state to petition any appropriate federal district court for the appointment of a federal receiver. The **superintendent commission** may intervene in any such action to support or oppose the petition, and may accept appointment as the receiver if so designated. So much of this chapter shall apply to the receivership as may be applicable and appropriate. Upon the **superintendent's commission's** motion, the courts of this State shall relinquish all jurisdiction over the insurer for purposes of rehabilitation or liquidation.

2. If ~~he~~ **it** is appointed receiver under this section, the **superintendent commission** shall comply with requirements necessary to give ~~him~~ **it** title to and control over the assets and affairs of the insurer.

Sec. 640. 24-A MRSA § 4401, sub-§§ 1 and 2, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. If the **superintendent commission** determines after a hearing that any insurer has committed or engaged in, or is committing or engaging in, or is about to commit or engage in any act, practice or transaction that would subject it to formal delinquency proceedings under section 4351 to 4407, ~~he~~ **the commission** may make and serve upon the insurer and other persons involved such orders, other than seizure orders under sections 4404 and 4405, as ~~he~~ **it** deems reasonably necessary to correct, eliminate or remedy such conduct, condition or ground. Orders to cure impairment of capital or surplus of a domestic insurer are subject to sections 3423 and 3424.

2. If the **superintendent commission** believes that irreparable harm to the insurer or its policyholders, creditors or the public may occur unless ~~his~~ **its** order is issued with immediate effect, ~~he~~ **it** may make and serve ~~his~~ **its** order without notice and before hearing, and shall simultaneously therewith serve upon the insurer and other persons involved the notice of hearing as required under subsection 3.

Sec. 641. 24-A MRSA § 4401, sub-§ 3, as repealed and replaced by PL 1977, c. 694, § 438, is amended to read:

3. The **superintendent's commission's** order and notice of hearing thereunder shall be served in such a manner as conforms with the notice provisions of the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter IV.

Sec. 642. 24-A MRSA § 4402, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4402. —appeal from commission's order

If the **superintendent commission** has issued a summary order before hearing as provided in section 4401, subsection 2, any person upon whom such order is served may waive the **superintendent's commission's** hearing and apply for any immediate judicial relief available under law and without first exhausting administrative remedies. Section 236 (appeal from **superintendent commission**)

shall apply as to appeals from the ~~superintendent's~~ **commission's** order made after hearing.

Sec. 643. 24-A MRSA § 4403, sub-§§ 1 and 2, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. The ~~superintendent~~ **commission** may apply for and any Superior Court may grant such restraining orders, temporary and permanent injunctions and other orders as may be deemed necessary to enforce the ~~superintendent's~~ **commission's** order.

2. Violation of any order of the ~~superintendent~~ **commission** issued under section 4401 by any person as to whom the order is in effect shall subject such person to a penalty of not to exceed \$10,000, to be collected in a civil action brought by the Attorney General in the name of the State of Maine. The Attorney General shall deposit all funds so collected with the Treasurer of State to the credit of the Insurance Division Regulatory Revolving Fund.

Sec. 644. 24-A MRSA § 4404, sub-§§ 1 and 2, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. Upon filing by the ~~superintendent~~ **commission** in any Superior Court of this State of ~~his~~ **its** verified petition alleging any ground for a formal delinquency proceeding against an insurer under sections 4351 to 4358 and that the interests of the insurer's policyholders or creditors or the public will be jeopardized by delay, and setting forth the order deemed necessary by the ~~superintendent~~ **commission**, the court shall, ex parte and without notice or hearing, issue the requested order. The requested order may:

A. Direct the ~~superintendent~~ **commission** to take possession and control of all or part of the property, books, accounts and records of the insurer and the premises occupied by it for transaction of its business; and

B. Until further order of court, enjoin the insurer and its officers, managers, agents and employees from removal, concealment or other disposition of its property, and from transaction of its business, except with the ~~superintendent's~~ **commission's** written consent.

2. The court's order shall be for such duration, specified in the order, as the court deems necessary to enable the ~~superintendent~~ **commission** to ascertain the insurer's condition. On motion of any party or on its own motion, the court may hold such hearings as it deems desirable after such notice as it deems appropriate, and extend or shorten the duration or modify the terms of the order. The court shall vacate the seizure order, if the ~~superintendent~~ **commission** fails to commence a formal proceeding under sections 4351 to 4385 after reasonable opportunity to do so; and a seizure order is automatically vacated by issuance of the court's order pursuant to formal delinquency proceedings under such sections of this chapter.

Sec. 645. 24-A MRSA § 4405, sub-§§ 1, 2 and 3, as amended by PL 1973, c. 585,

§ 12, are further amended to read:

1. If it appears to the ~~superintendent~~ **commission** that the interests of policyholders, creditors or the public will be jeopardized by delay incident to requesting a court seizure order, then on any ground which would justify a court seizure order under section 4404, and without notice and without applying to the court, the ~~superintendent~~ **commission** may issue a seizure order which must contain a statement verified by ~~him~~ **it** of the grounds of ~~his~~ **its** action. As directed by the seizure order, the ~~superintendent's~~ **commission's** representatives shall forthwith take possession and control of all or part of the property, books, accounts and records of the insurer, and of the premises occupied by the insurer for transaction of its business. The ~~superintendent~~ **commission** shall retain possession and control until the order is vacated or is replaced by an order of court pursuant to subsection 2 or pursuant to a formal proceeding under this chapter.

2. At any time after seizure under subsection 1 the insurer may apply to the Superior Court for Kennebec County or for the county in this State in which the insurer's principal office is located. The court shall thereupon order the ~~superintendent~~ **commission** to appear forthwith and shall thereafter proceed as if the order were a court seizure order issued under section 4404.

3. Every law enforcement officer of this State shall assist the ~~superintendent~~ **commission** in making and enforcing any such seizure, and every sheriff's and police department shall furnish him with such deputies, patrolmen or officers as are necessary for that purpose.

Sec. 646. 24-A MRSA § 4406, sub-§§ 1 and 3, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. The ~~superintendent~~ **commission** shall hold all hearings in summary proceedings privately unless the insurer requests a public hearing, in which case the hearing shall be public.

3. In all summary proceedings and judicial reviews thereof, all records of the insurer, other documents, and all insurance ~~bureau~~ **commission** files and court records and papers, so far as they pertain to or are part of the record of the summary proceedings, shall be and remain confidential except as necessary to obtain compliance therewith, unless the court after hearing arguments by the parties in chambers shall order otherwise, or unless the insurer requests that the matter be made public. Until the court otherwise orders, all papers filed with the clerk of court shall be held by him in a confidential file.

Sec. 647. 24-A MRSA § 4407, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4407. —penalty for refusal to deliver property, etc.

Any person having possession or custody of and refusing to deliver to the ~~superintendent~~ **commission** or ~~his~~ **its** representative upon request any of the

property, books, accounts, documents or other records of an insurer against which a seizure order or a summary order has been issued by the ~~superintendent~~ **commission** or by the court, as provided under sections 4401 to 4406, shall upon conviction thereof be subject to a fine of not over \$10,000 or imprisonment for less than one year, or by both.

Sec. 648. 24-A MRSA § 4437, first ¶, as last amended by PL 1973, c. 625, § 160 is further amended to read:

The board of directors of the association shall consist of not less than 7 persons serving terms as established in the plan of operation. The members of the board shall be selected by member insurers subject to the approval of the commissioner. Vacancies on the board shall be filled for the remaining period of the term in the same manner as initial appointments. If no members are selected within 60 days after May 9, 1970, the ~~superintendent~~ **commission** may appoint the initial members of the board of directors.

Sec. 649. 24-A MRSA § 4437, 2nd ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

In approving selections to the board, the ~~superintendent~~ **commission** shall consider among other things whether all members insurers are fairly represented.

Sec. 650. 24-A MRSA § 4438, sub-§ 1, ¶¶ E and F, as amended by PL 1973, c. 585, § 12, are further amended to read:

E. Notify such persons as the ~~superintendent~~ **commission** directs under section 4441, subsection 2, paragraph A;

F. Handle claims through its employees or through one or more insurers or other persons designated as servicing facilities. Designation of a servicing facility is subject to the approval of the ~~superintendent~~ **commission**, but designation of a member insurer as a servicing facility may be declined by such insurer;

Sec. 651. 24-A MRSA § 4439, sub-§ 1, ¶¶ A and B, as amended by PL 1973, c. 625, § 161, are further amended to read:

A. The association shall submit to the ~~superintendent~~ **commission** a plan of operation and any amendments thereto necessary or suitable to assure the fair, reasonable and equitable administration of the association. The plan of operation and any amendments thereto shall become effective upon approval in writing by the ~~superintendent~~ **commission**.

B. If the association fails to submit a suitable plan of operation within 90 days following May 9, 1970 or if at any time thereafter the association fails to submit suitable amendments to the plan, the ~~superintendent~~ **commission** shall, after notice and hearing, adopt and promulgate such reasonable rules as are necessary or advisable to effectuate this subchapter. Such rules shall continue

in force until modified by the **superintendent commission** or superseded by a plan submitted by the association and approved by the **superintendent commission**.

Sec. 652. 24-A MRSA § 4439, sub-§ 3, ¶¶ G and H, as amended by PL 1973, c. 585, § 12, are further amended to read:

G. Provide that any member insurer aggrieved by any final action or decision of the association may appeal to the **superintendent commission** within 30 days after the action or decision;

H. Establish the procedures whereby selections for the board of directors will be submitted to the **superintendent commission**; and

Sec. 653. 24-A MRSA § 4439, sub-§ 4, last sentence, as amended by PL 1973, c. 585, § 12, is further amended to read: A delegation under this subsection shall take effect only with the approval of both the board of directors and the **superintendent commission**, and may be made only to a corporation, association or organization which extends protection not substantially less favorable and effective than that provided by this subchapter.

Sec. 654. 24-A MRSA § 4441, sub-§ 1, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

The **superintendent commission** shall:

Sec. 655. 24-A MRSA § 4441, sub-§ 2, first ¶, as amended by PL 1973, c. 585, § 12, is further amended to read:

The **superintendent commission** may:

Sec. 656. 24-A MRSA § 4444, sub-§§ 1 to 6, as amended by PL 1973, c. 585, § 12, are further amended to read:

1. Notification. The board of directors, upon majority vote, shall notify the **superintendent commission** of any information indicating that any member insurer may be insolvent or in a financial condition hazardous to policyholders or the public;

2. Examination. The board of directors may, upon majority vote, request that the **superintendent commission** order an examination of any member insurer which the board in good faith believes may be in a financial condition hazardous to policyholders or the public. Within 30 days of the receipt of such request, the **superintendent commission** shall begin such examination. The cost of the examination shall be paid by the association and the examination report shall be treated as are other examination reports. In no event shall the examination report, or any portion thereof, be released to the board of directors prior to its release to the public, but this shall not preclude the **superintendent commission** from complying with subsection 3. The **superintendent commission** shall notify the board of directors when the examination is completed. The request for an examination shall be kept on file by the **superintendent commission** but shall not

be open to public inspection prior to the release of the examination report, or part thereof to the public, in accordance with section 227;

3. Report. The ~~superintendent~~ **commission** shall report to the board of directors when ~~he~~ **it** has reasonable cause to believe that any member insurer examined or being examined at the request of the board of directors may be insolvent or in a financial condition hazardous to policyholders or the public;

4. Recommendations. The board of directors may, upon majority vote, make reports and recommendations to the ~~superintendent~~ **commission** upon any matter germane to the solvency, liquidation, rehabilitation or conservation of any member insurer. Such reports and recommendations shall not be considered public documents or be open to public inspection;

5. Prevention. The board of directors may, upon majority vote, make recommendations to the ~~superintendent~~ **commission** for the detection and prevention of insurer insolvencies;

6. Causes. The board of directors shall, at the conclusion of any insurer insolvency in which the association was obligated to pay covered claims, prepare a report on the history and causes of such insolvency, based on the information available to the association, and submit such report to the ~~superintendent~~ **commission**.

Sec. 657. 24-A MRSA § 4445, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4445. Examination of the association

The association shall be subject to examination and regulation by the ~~superintendent~~ **commission**. The board of directors shall submit, not later than March 30th of each year, a financial report for the preceding calendar year in a form approved by the ~~superintendent~~ **commission**.

Sec. 658. 24-A MRSA § 4448, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4448. Immunity

There shall be no liability on the part of and no cause of action of any nature shall arise against any member insurer, the association or its agents or employees, the board of directors, or the ~~superintendent~~ **commission** or ~~his~~ **its** representatives for any action taken by them in the performance of their powers and duties under this subchapter.

Sec. 659. 24-A MRSA § 4450, first sentence, as amended by PL 1973, c. 585, § 12, is further amended to read:

The ~~superintendent~~ **commission** shall by order terminate the operation of the association as to any kind of insurance with respect to which ~~he~~ **it** has found, after notice and hearing, that there is in effect a statutory plan of the United States

Government to avoid excessive delay or financial loss to claimants or policyholders because of insurer insolvency and which provides for protection and benefits to residents of this State not materially less favorable than provided under this subchapter.

Sec. 660. 24-A MRSA § 4701, as amended by PL 1973, c. 585, § 12 is further amended to read:

§ 4701. Licensed companies only

No person shall perform or offer to perform in this State, for stipulated fee covering a certain period, any form of road or other tourist service relating to the repair, operation and care of automobiles or to the protection and assistance of automobile owners or drivers, other than licensed insurers; or furnish or offer to furnish tourist service by selling or offering to sell to any proprietor of any so-called roadside house, motel or camp furnishing or offering to furnish meals or lodging to the traveling public, any form of sign or other insignia indicating that said roadside house, motel or camp has been approved by any person, without being licensed therefor by the ~~superintendent~~ **commission**.

Sec. 661. 24-A MRSA § 4702, sub-§ 1, as last amended by PL 1975, c. 767, § 22, is further amended to read:

1. If the ~~superintendent~~ **commission** is of the opinion that an applicant is reliable and entitled to confidence, such applicant shall be granted a license to perform such road or other service in this State, and the license may be continued biennially thereafter so long as the ~~superintendent~~ **commission** regards the licensee as financially responsible and entitled to confidence. At the time of issuance of such license, the ~~superintendent~~ **commission** shall establish a biennial continuation date for the purpose of biennial continuation of the license in force.

Sec. 662. 24-A MRSA § 4702, sub-§ 2, as amended by PL 1973, c. 585, § 12, is further amended to read:

2. The applicant shall pay a license fee to the ~~superintendent~~ **commission** as provided in section 601 (fee schedule).

Sec. 663. 24-A MRSA § 4703, as amended by PL 1973, c. 585, § 12, is further amended to read:

§ 4703. Agents

No person, for himself or in behalf of any other person, shall sell or offer to sell any such road or other service without being licensed therefor by the ~~superintendent~~ **commission**.

Sec. 664. 24-A MRSA § 4704, as last amended by PL 1975, c. 767, § 23, is further amended to read:

§ 4704. Agent's license; fee

The ~~superintendent~~ **commission** shall grant a license to sell such service in

behalf of any person licensed therefor to any applicant who shall furnish the ~~superintendent~~ **commission** with satisfactory evidence of his integrity and authority to sell the service offered. Such license, when granted, shall expire at midnight on the company's biennial continuation date and thereafter may be continued biennially so long as the ~~superintendent~~ **commission** shall be satisfied of the licensee's integrity, authority and responsibility to provide the service stipulated.

The applicant shall pay a license fee to the ~~superintendent~~ **commission** as provided in section 601, fee schedule.

Sec. 665. 24-A MRSA § 4705, as repealed and replaced by PL 1977, c. 694, § 439, is amended to read:

§ 4705. Petition for revocation

The ~~superintendent~~ **commission** may file a complaint with the Administrative Court seeking to revoke or suspend a license for cause, at any time.

Sec. 666. Initial appointments. Of those members of the commission first appointed by the Governor under Title 24-A, section 201, one, who shall be the person holding the Office of Superintendent of Insurance on the day before the effective date of this Act, shall be appointed for 7 years; one shall be appointed for 5 years, and one shall be appointed for 3 years. Upon the expiration of these initial terms, appointments shall be made in accordance with Title 24-A, section 201.

Sec. 667. Initial chairman. The Governor shall designate as the first chairman of the commission that member who is first appointed for a term of 7 years.

Sec. 668. Personnel. It is the intent of the Legislature that all employees of the Bureau of Insurance on the day before the effective date of this Act, other than the superintendent and any deputy superintendent, shall remain employees with all accumulated rights and privileges in the Insurance Commission.

It is further the intent of the Legislature that the person who is the first deputy superintendent of insurance on the day before the effective date of this Act shall be the executive director of the Insurance Commission on the effective date of this Act, and that any other deputy superintendents on the day before the effective date of this Act shall become directors of the Insurance Commission on the effective date of this Act.

Sec. 669. Funds transferred. Notwithstanding the Revised Statutes, Title 5, section 1585, all accrued expenditures, assets, liabilities, balances of appropriations, transfers, revenues or other available funds in any account, or subdivision of an account, of the Bureau of Insurance shall be transferred to its proper place in the Insurance Commission by the State Controller on recommendation of the chairman of the Insurance Commission.

Sec. 670. Regulations. All existing regulations currently in effect and

operation in the Bureau of Insurance or in any administrative unit of that bureau shall continue in effect, unless in conflict with this Act, until rescinded, amended or changed. "Regulation" includes, but is not limited to, any rule, regulation, order, administrative procedure, policy, determination, directive, authorization, permit, license, privilege, requirement, designation or agreement.

Sec. 671. Forms, licenses, letterheads. All existing forms, licenses, letterheads and similar items bearing the name "Bureau of Insurance" or "Superintendent of Insurance" or which make reference thereto may be used by the Insurance Commission until existing supplies of those items are exhausted.

Sec. 672. Records, property and equipment. All records, property and equipment previously belonging to or allocated for the use of the Bureau of Insurance shall become, on the effective date of this Act, part of the property of the Insurance Commission.

Sec. 673. Contracts, agreements, compacts. All existing contracts, agreements and compacts currently in effect in the Bureau of Insurance shall continue in effect.

Sec. 674. Amendatory provision. Wherever in the Revised Statutes the words "Bureau of Insurance" or "Superintendent of Insurance" appear, they shall mean "Insurance Commission" or, if only one individual is meant for purposes of membership of any board or agency, "Chairman of the Insurance Commission."

STATEMENT OF FACT

The purpose of this bill is reflected in the Title.