

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

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ONE HUNDRED AND TENTH LEGISLATURE

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**Legislative Document**

**No. 391**

H. P. 343

House of Representatives, January 22, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Jackson of Yarmouth.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

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**AN ACT to Clarify and Amend the Investment Provisions of the Maine Insurance Code.**

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

**24-A MRSA § 1124, sub-§ 4, first sentence**, as amended by PL 1979, c, 458, § 9, is further amended to read:

Such a mortgage loan or loans made or acquired by an insurer on any one property shall not at time of investment by the insurer be in amount in excess of 80% of the fair market value of the property or permit amortization over a period in excess of 40 years, or, in the case of leasehold interest, be in excess of 75% of the fair market value of such interest or permit amortization over a period exceeding 4/5 of the lease term remaining at the time of the loan inclusive of the term or terms which may be provided by enforceable options of renewal, **provided that this provision does not prohibit an insurer from investing in a nonamortizing mortgage loan so long as the maturity of that loan does not exceed 40 years in the case of a fee mortgage or, in the case of a leasehold mortgage, 4/5 of the lease term remaining at the time of the loan, inclusive of the term or terms which may be provided by enforceable options of renewal.**

STATEMENT OF FACT

The purpose of this bill is to amend an existing section of the Maine Insurance

Code in order to make it clear that Maine insurance companies can invest in nonamortizing mortgage loans, thereby remaining competitive with insurance companies of other states for such loans which frequently offer sound and attractive investment opportunities.