

# MAINE STATE LEGISLATURE

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(New Draft of H.P. 1461, L.D. 1913)

SECOND REGULAR SESSION

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ONE HUNDRED AND ELEVENTH LEGISLATURE

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Legislative Document

No. 2206

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H.P. 1677

House of Representatives, March 9, 1984

Reported by the Minority from the Committee on Business Legislation  
and printed under Joint Rule 2.

EDWIN H. PERT, Clerk

Original bill presented by Representative Brannigan of Portland. Cosponsored  
by Representative Perkins of Brooksville, Senator Charette of Androscoggin  
and Representative Pouliot of Lewiston.

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STATE OF MAINE

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

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AN ACT to Provide for Competitive  
Equality Between Financial Entities.

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

Sec. 1. 9-B MRSA §443, sub-§8 is enacted to  
read:

8. Annuities. A financial institution or credit  
union may sell annuities through an insurance company  
licensed pursuant to Title 24-A.

Sec. 2. 24-A MRSA §703, as enacted by PL 1969,  
c. 132, §1, is amended to read:

§703. "Annuity" defined

For the purposes of this Title, an "annuity" is a  
contract under which obligations are assumed with re-

1 spect to periodic payments for a specific term or  
2 terms or where the making or continuance of all or of  
3 some of such payments, or the amount of any such pay-  
4 ment, is dependent upon the continuance of human  
5 life, except payments made pursuant to optional modes  
6 of settlement under the authority of section 702  
7 ("life insurance" defined). Such a contract which in-  
8 cludes extra benefits of the kinds set forth in sec-  
9 tions 702 (life insurance defined) and 704 (health  
10 insurance defined) shall nevertheless be deemed to be  
11 an annuity, if such extra benefits constitute a sub-  
12 subsidiary or incidental part of the entire contract.  
13 Life insurance benefits shall constitute a subsidiary  
14 or incidental part of the entire contract only if the  
15 total benefit payable under the contract upon death  
16 is not in excess of the greater of the cash surrender  
17 value of the annuity or gross premiums paid under the  
18 contract.

19 Sec. 3. 24-A MRSA §1514-A, as enacted by PL  
20 1971, c. 407, is amended to read:

21 §1514-A. Provisions relating to financial  
22 institutions

23 No Except as otherwise provided in this section,  
24 no license as an agent, broker or consultant shall  
25 may be issued to a bank, a savings and loan associa-  
26 tion or a credit union, a holding company or subsidi-  
27 ary of any of the foregoing, or any officer, agent,  
28 representative or employee thereof other than a di-  
29 rector, trustee or other part-time officer. Nothing  
30 in this section shall limit the activity of such  
31 these organizations with respect to credit life and  
32 credit health insurance pursuant to chapter 37, group  
33 health insurance authorized pursuant to chapter 35  
34 and group life insurance authorized pursuant to chap-  
35 ter 31. A license as an agent or broker may be issued  
36 to a bank, a savings and loan association or a credit  
37 union, a holding company or subsidiary of any of the  
38 foregoing, or any officer, agent, representative or  
39 employee thereof solely in connection with the sale  
40 of annuities by a financial institution pursuant to  
41 Title 9-B, chapter 41.

42 Sec. 4. 24-A MRSA §1531, sub-§1, ¶D, as amended  
43 by PL 1983, c. 298, §1, is further amended to read:

1 D. Covering only title insurance; ~~or~~

2 Sec. 5. 24-A MRSA §1531, sub-§1, ¶E, as enacted  
3 by PL 1983, c. 298, §2, is amended to read:

4 E. Allowing a director of a domestic mutual as-  
5 sessment fire insurance company to sell property  
6 insurance coverage written by that company; or

7 Sec. 6. 24-A MRSA §1531, sub-§1, ¶F is enacted  
8 to read:

9 F. Covering only annuities.

10 STATEMENT OF FACT

11 This new draft is amended in section 1 by provid-  
12 ing that any sale of annuities be through a licensed  
13 insurance company--either an existing company or a  
14 company owned and operated by one or more financial  
15 institutions. This new draft also provides that the  
16 Superintendent of Banking will approve ownership and  
17 operation of an insurance company by a bank.

18 Section 2 clarifies that the limited authority  
19 granted to persons under the new draft with respect  
20 to annuity sales is not intended to authorize those  
21 persons to sell life insurance on a broad basis under  
22 a theory that any amount of life insurance might be  
23 "incidental" or "subsidiary" to the annuity.

24 Section 3 is amended to further clarify that when  
25 financial institutions sell annuities to their cus-  
26 tomers they are subject to the general licensing re-  
27 quirements of the Maine Insurance Code.

28 Section 6 allows the superintendent to issue a  
29 limited "annuity only" license.

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