

MAINE STATE LEGISLATURE

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

2 SECOND REGULAR SESSION
3

4 ONE HUNDRED AND ELEVENTH LEGISLATURE
5

6 Legislative Document No. 2261
7

8 H.P. 1721 House of Representatives, March 16, 1984
9

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

11 Original bill presented by Representative Brannigan of Portland.
Cosponsors: Representative A. Perkins of Brooksville, Senator Charette of
Androscoggin and Representative Pouliot of Lewiston.

EDWIN H. PERT, Clerk

12

13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-FOUR
17

18 AN ACT to Provide for Competitive
19 Equality Between Financial Entities.
20

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

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

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

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

30 §703. "Annuity" defined

31 For the purposes of this Title, an "annuity" is a
32 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 allows financial institutions to
12 sell annuities through a licensed insurance company.
13 Unlike the original bill, section 1 of the new draft
14 clarifies that the financial institution would act
15 only as an agent or broker, and would not act as an
16 insurance company.

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

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

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

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