

MAINE STATE LEGISLATURE

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L.D. 2125

(Filing No. S-470)

STATE OF MAINE
SENATE
112TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT " A " to S.P. 836, L.D. 2125, Bill, "AN ACT to Clarify and Effectuate Legislative Intent Regarding the Separation of Insurance and Banking."

Amend the bill by striking out all of section 1514-A and inserting in its place the following:

'§1514-A. Prohibition as to financial institutions and related parties

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Financial institution" means a trust company, commercial bank, savings bank, industrial bank, savings and loan association or credit union, either state-chartered or federally chartered.

B. "Financial institution holding company" has the meaning set forth in Title 9-B, section 1011.

C. "Ownership interest" includes general partnership shares, limited partnership shares and shares of stock which possess any voting rights.

D. "Retail area" means all space occupied by a financial institution where the "business of banking," as defined in Title 9-B, section 131, subsection 5, may occur.

E. "Subsidiary" means any corporation, partnership, association or other business entity in which either:

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1 (1) One or more financial institutions, fi-
2 nanical institution holding companies or any
3 officers, employees, agents or representa-
4 tives of the financial institutions or fi-
5 nanical institution holding companies pos-
6 sess directly or indirectly, singly or in
7 the aggregate, an ownership interest of at
8 least 25%; or

9 (2) It is determined by the superintendent
10 after notice and opportunity for hearing
11 that one or more financial institutions, fi-
12 nanical institution holding companies or any
13 officers, employees, agents or representa-
14 tives of financial institutions or financial
15 institution holding companies, singly or in
16 the aggregate, exercise a controlling influ-
17 ence over the management and policies of the
18 entity.

19 2. Prohibition on licensing. No financial insti-
20 tution, financial institution holding company or the
21 subsidiary of either or any officer, employee, agent
22 or representative of a financial institution, finan-
23 cial institution holding company or the subsidiary of
24 either may be licensed as an insurance agent, broker
25 or consultant in this State or may act as an insur-
26 ance agent, broker or consultant in this State.
27 Nothing in this section limits the activity of these
28 organizations with respect to credit life and credit
29 health insurance to the extent authorized by chapter
30 37, group health insurance to the extent authorized
31 by chapter 35 and group life insurance to the extent
32 authorized by chapter 31.

33 3. Limitations on leasing activities. Any ar-
34 rangement involving a financial institution or finan-
35 cial institution holding company and an insurer or
36 insurance agent, broker or consultant pursuant to
37 which an insurer, insurance agent, broker or consul-
38 tant utilizes space in the retail area of a financial
39 institution in order to engage in the transaction of

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1 insurance is subject to the following conditions.

2 A. The financial institution, financial institu-
3 tion holding company or subsidiary of either may
4 not own, in whole or in part, the insurer, insur-
5 ance agent, broker or consultant.

6 B. No officer, employee, agent or representative
7 of the financial institution, financial institu-
8 tion holding company or a subsidiary of either
9 may act as an officer, employee, agent or repre-
10 sentative of the insurer, insurance agent, broker
11 or consultant.

12 C. The payments to be made to the financial in-
13 stitution or financial institution holding compa-
14 ny pursuant to a space-sharing agreement may not
15 be based, directly or indirectly, upon a percent-
16 age of the volume of business conducted by the
17 insurer, insurance agent, broker or consultant.

18 D. The financial institution or financial insti-
19 tution holding company may not engage in any
20 joint advertising or solicitation with the insur-
21 er, insurance agent, broker or consultant.

22 E. The space occupied by the insurer, insurance
23 agent, broker or consultant shall be sufficiently
24 separate and distinct from areas occupied by of-
25 ficers or employees of the financial institution
26 and the respective parties shall act in a manner
27 so that:

28 (1) A consumer would not have reason to be-
29 lieve that there is any affiliation between
30 the financial institution and the insurer,
31 insurance agent, broker or consultant; and

32 (2) The right of the consumer to consider
33 insurance transactions in a confidential and
34 noncoercive environment is assured.

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1 not provide authority for the promulgation of certain
2 portions of a rule proposed by the superintendent
3 concerning space-sharing between banks and insurance
4 licensees.

5 The purposes of this amendment are to clarify
6 that entities with significant bank involvement are
7 not eligible for insurance licensure and to expressly
8 authorize the superintendent to promulgate rules to
9 ensure maintenance of the separation between banking
10 and insurance. In regard to the first objective, the
11 definition of "subsidiary" proposed in this amendment
12 is similar to the definition of "subsidiary" con-
13 tained in the Maine Revised Statutes, Title 9-B, sec-
14 tion 131, subsection 39-A, and section 1011, subsec-
15 tion 4.

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Reported by Senator Kerry for the Committee on Business
and Commerce. Reproduced and Distributed Pursuant to
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