

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

## FIRST REGULAR SESSION - 1989

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Legislative Document

No. 28

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S.P. 53

In Senate, January 26, 1989

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 24.

Reference to the Committee on Business Legislation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator WHITMORE of Androscoggin.

Cosponsored by Representative CURRAN of Westbrook, Representative SIMPSON of Casco and Representative CARROLL of Gray.

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### STATE OF MAINE

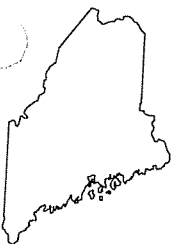
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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND EIGHTY-NINE

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**AN ACT Relating to the Licensing of Insurance Agents, Brokers and Adjusters.**

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

3 **Sec. 1. 24-A MRSA §426**, as enacted by PL 1969, c. 132, §1, is  
5 repealed.

7 **Sec. 2. 24-A MRSA §427**, as amended by PL 1987, c. 481, §1, is  
9 repealed.

11 **Sec. 3. 24-A MRSA §1509**, as amended by PL 1973, c. 585, §12,  
13 is repealed and the following enacted in its place:

15 **§1509. "Adjuster" defined**

17 An adjuster is any person who, as an independent contractor  
19 or as an employee of an independent contractor, adjustment  
21 bureau, association, managing general agent, insurer or other  
23 firm, for fee, commission or other compensation, investigates,  
25 settles and reports to the adjuster's principal relative to  
27 claims arising under the workers' compensation laws, insurance  
contracts or annuity contracts on behalf of an insurer, workers'  
compensation self-insurer or insured. The definition of adjuster  
does not include and a license as an adjuster is not required of:

1. Attorneys-at-law admitted to practice in this State; and

3. Licensed agents authorized to settle and pay claims not  
exceeding a specified limit.

29 **Sec. 4. 24-A MRSA §1520, sub-§3**, as amended by PL 1973, c.  
31 585, §12, is further amended to read:

33 3. As to life insurers authorized to issue variable  
35 contracts under section 2537, applicants appointed by such  
37 insurers to solicit such variable contracts in this State, in  
39 addition to completing examinations required for a life agent's  
41 license, shall ~~take and pass successfully a separate examination~~  
43 ~~covering the subject of variable contracts, in accordance with~~  
45 ~~such reasonable rules and regulations as may be adopted by the~~  
47 ~~superintendent, and pay a separate examination application fee~~  
49 ~~therefor. Said rules and regulations may provide for several~~  
sections of the examination and several classifications of said  
variable contract license corresponding to the different types of  
variable contracts to be offered in this State, including,  
without limitation, variable annuity contracts and variable life  
insurance contracts have successfully completed the minimum  
National Association of Securities Dealers requirements for the  
sale of variable contracts and provide the superintendent with a  
registration form as issued by the National Association of  
Securities Dealers. Such a registration shall be with the

1 broker-dealer of the insurer appointing the applicant or with a  
2 broker-dealer with whom the insurer has a sales agreement.

3  
4 **Sec. 5. 24-A MRSA §1522, sub-§2,** as enacted by PL 1969, c.  
5 132, §1, is amended to read:

6  
7 2. The examination for a broker license shall be more  
8 difficult than that for an agent license; the examination for a  
9 consultant license shall be substantially more difficult than  
10 that for a broker license and shall be a thorough testing of the  
11 applicant's competence to provide expert advice within the field  
12 covered by the license applied for; ~~and the examination for a~~  
13 ~~life--agent--permanent--license--shall--be--substantially--more~~  
14 ~~difficult--than--the--examination--for--initial--license--as--a--life~~  
15 ~~agent--as--provided--for--in--section--1674.~~

16  
17 **Sec. 6. 24-A MRSA §1532-A, sub-§6,** as enacted by PL 1983, c.  
18 419, §8, is repealed.

19  
20 **Sec. 7. 24-A MRSA §1532-A, sub-§8,** as amended by PL 1985, c.  
21 366, §9, is further amended to read:

22  
23 8. Each agent license, ~~other--than--an--initial--license,~~  
24 issued under this Title which terminates on its expiration date,  
25 shall be automatically renewed for a further 2-year period,  
26 unless, following a hearing, the superintendent determines that  
27 any reason or condition exists which is specified in section 1539  
28 for the suspension or revocation of a license.

29  
30 **Sec. 8. 24-A MRSA §1611,** as amended by PL 1973, c. 585, §12,  
31 is repealed.

32  
33 **Sec. 9. 24-A MRSA §1612,** as enacted by PL 1969, c. 132, §1,  
34 is repealed.

35  
36 **Sec. 10. 24-A MRSA §1616, sub-§2,** as amended by PL 1973, c.  
37 585, §12, is further amended to read:

38  
39 2. The superintendent may waive the taking of a written  
40 examination by the nonresident applicant for such a license, if a  
41 similar privilege is extended by the other state or province to  
42 Maine residents and if he the superintendent finds that the  
43 applicant has already met qualification requirements and  
44 standards in the applicant's domiciliary state or province which  
45 are substantially as high as those applicable under this chapter  
46 to Maine residents applying for a similar license. Any  
47 nonresident agent or broker licensed under this section who  
48 becomes a resident and applies for licensing status as a resident  
49 is subject to the State-specific portion of the license  
50 examination.

51  
52 **Sec. 11. 24-A MRSA §1619,** as amended by PL 1975, c. 159, §4,  
53 is repealed.



1           Sections 5, 6, 7, 11 and 12 of the bill repeal those  
3 sections of Maine law which provide for the issuance of initial  
5 licenses to insurance agents. This proposal will protect the  
7 insurance-buying public by eliminating the possibility of  
insurance sales by unsupervised initial licensees who have not  
demonstrated sufficient knowledge to qualify for a permanent  
license.

9           Sections 10 and 13 of the bill are intended to close a  
11 loophole in current Maine law relating to the qualification of  
13 agents. Currently, many nonresident agents become authorized to  
15 do business in Maine without the benefit of examination. If  
17 these agents subsequently seek to become licensed as residents,  
many states require a successful completion of the state-specific  
portion of the applicable examination. Maine should do so as  
well.

19           Section 14 provides a cross reference in the law relating to  
worker's compensation self-insurance to clarify that persons who  
adjust claims on behalf of self-insurers must be licensed.