

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1375

S.P. 514

In Senate, April 1, 1991

Reference to the Committee on Banking and Insurance 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 BRANNIGAN of Cumberland
Cosponsored by Representative GWADOSKY of Fairfield and Representative ERWIN of
Rumford.

STATE OF MAINE

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

**An Act to Authorize Financial Institutions and Credit Unions to Sell
Annuities.**



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

2
4 **Sec. 1. 9-B MRSA §443, sub-§11** is enacted to read:

6 11. Annuities. An employee of a financial institution,
8 credit union or holding company, or a subsidiary of a financial
10 institution, credit union or holding company, authorized to do
12 business in this State may arrange for the sale of annuities
14 purchased from a licensed insurance company. Any financial
16 institution or credit union employee who sells annuities must be
18 licensed in accordance with Title 24-A, section 1531, subsection
20 1, paragraph F.

22 **Sec. 2. 24-A MRSA §1514-A, sub-§2**, as enacted by PL 1985, c.
24 731, is amended to read:

26 2. **Prohibition on licensing.** No financial institution,
28 financial institution holding company or the subsidiary of either
30 or any officer, employee, agent or representative of a financial
32 institution, financial institution holding company or the
34 subsidiary of either may be licensed as an insurance agent,
36 broker or consultant in this State or may act as an insurance
38 agent, broker or consultant in this State. Nothing in this
40 section limits the activity of these organizations with respect
42 to credit life and credit health insurance to the extent
44 authorized by chapter 37, group health insurance to the extent
46 authorized by chapter 35 and group life insurance to the extent
48 authorized by chapter 31.

50 Nothing in this subsection prohibits an employee of these
52 organizations from selling annuities to the extent authorized by
54 Title 9-B, section 443, subsection 11, provided the employee has
56 an agent's license pursuant to section 1531, subsection 1,
58 paragraph F.

60 **Sec. 3. 24-A MRSA §1531, sub-§1, ¶D**, as amended by PL 1983, c.
62 298, §1, is further amended to read:

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

66 **Sec. 4. 24-A MRSA §1531, sub-§1, ¶E**, as enacted by PL 1983, c.
68 298, §2, is amended to read:

70 E. Allowing a director of a domestic mutual assessment fire
72 insurance company to sell property insurance coverage
74 written by that company; ~~or~~

76 **Sec. 5. 24-A MRSA §1531, sub-§1, ¶F** is enacted to read:

78 F. Covering only annuities.

STATEMENT OF FACT

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4 This bill authorizes employees of financial institutions and
6 credit unions to sell annuities. Federal regulatory agencies
8 have ruled that national banks may provide fixed and variable
10 rate annuities. These rulings have been tested in court and
12 upheld so that many national banks around the country are
14 offering these products to their customers. The basis for a
ruling by the United States Comptroller of the Currency is that
the annuity product is not insurance but an investment product
like those offered by various providers of financial services,
such as security firms, insurance companies and retirement
accounts already offered by banks.

14

16 This bill provides that, when financial institutions sell
18 annuities to their customers, they are subject to the licensing
requirements of the Maine Insurance Code.

18

20 This bill also allows the Superintendent of Insurance to
issue a limited agent's license covering only annuities.