

MAINE STATE LEGISLATURE

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6.12
R. of S.

L.D. 1829

(Filing No. S- 524)

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STATE OF MAINE
SENATE
115TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 688, L.D. 1829, Bill, "An Act to Transfer Responsibility for the Regulation of Home Service Contracts from the Real Estate Commission to the Bureau of Insurance"

Amend the bill by striking out the title and substituting the following:

'An Act to Require that Financial Examinations of Home Service Companies Be Conducted by the Superintendent of Insurance'

Further amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

'Sec. 1. 32 MRSA §13235, sub-§§1 and 6, as enacted by PL 1987, c. 395, Pt. A, §212, are amended to read:

1. Time of filing; financial statement. Each home service company shall file with the director, annually, within 90 days of the close of its fiscal year, its annual statement in a form prescribed by or acceptable to the director. The annual statement shall must include a current financial statement, including a balance sheet, income statement and statement of operations cash flow prepared in accordance with generally accepted accounting principles and certified by an independent certified public accountant.

6. Examination. The director may make an examination of the affairs of any licensed home service company as he--deems necessary. Such an examination must be performed under the guidance of the Superintendent of Insurance specifically for determination of the financial condition of the home service

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COMMITTEE AMENDMENT "A" to S.P. 688, L.D. 1829

2 company. The director, upon advice from the Superintendent of
3 Insurance, may take appropriate action allowed under section
4 13229. Every home service company shall make its books and
5 records relating to its home service contract operations
6 available for the examination. All expenses relating to such an
7 examination shall must be borne by the home service company being
8 examined.'

10 **FISCAL NOTE**

12 The costs associated with the financial examinations of home
13 service companies will be absorbed within existing resources of
14 the Bureau of Insurance within the Department of Professional and
15 Financial Regulation.

18 **STATEMENT OF FACT**

20 A home service contract is a contract offered in connection
21 with the sale of a property, in which the insurer agrees to
22 defray the cost of repair of the home for a period of time. The
23 original bill transferred the regulation of home service
24 contracts from the Real Estate Commission to the Bureau of
25 Insurance, required the registration of individual sales agents
26 and set financial standards for home service companies.

28 This amendment deletes the bill and in its place requires
29 that the Superintendent of Insurance perform any financial audit
30 that the Real Estate Commission may feel is necessary and make a
31 recommendation to the commission. The commission may then take
32 action to suspend or revoke the company's license if that is felt
to be desirable.

Reported by Senator Rich for the Committee on Business
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