

MAINE STATE LEGISLATURE

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R. of S.

L.D. 1924

DATE: 3/22/94

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BANKING & INSURANCE

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
116TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1414, L.D. 1924, Bill, "An Act to Improve Licensing Procedures at the Bureau of Insurance"

Amend the bill by inserting after the title and before the enacting clause the following:

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the licensing division within the Bureau of Insurance is responsible for licensing and monitoring activities in connection with licenses for approximately 8,000 insurance agents, 1,000 insurance brokers, 1,000 insurance adjusters and 800 insurers; and

Whereas, the responsibilities of the licensing division over the past few years have escalated due to an increase in regulatory oversight and complexity of insurance entities and due to an increase in the numbers of nonresident applicants; and

Whereas, the licensing division has been unable to control the increased workload without working overtime and hiring temporary employees; and

Whereas, the Bureau of Insurance is implementing a plan that necessitates law changes to improve the efficiency of the process; and

COMMITTEE AMENDMENT

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Whereas, the improved system will reduce the backlog of work and provide better service to the regulated community while maintaining adequate consumer protection; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Further amend the bill in section 8 by striking out all of subsection 8 (page 2, lines 46 to 49 and page 3, lines 1 to 18 in L.D.) and inserting in its place the following:

- '8. Adjusters. Adjuster license fees are:
- A. Issuance fee for original resident adjuster license \$20 ~~\$30~~;
- Biennial continuation \$20 ~~\$30~~;
- B. Issuance fee for original nonresident adjuster license \$40 ~~\$60~~;
- Biennial continuation \$40 ~~\$60~~;
- C. Temporary license \$5 ~~\$50~~;
- D. Issuance fee for resident adjuster organization license \$20 ~~\$30~~;
- Biennial renewal fee \$20 ~~\$30~~; and
- E. Issuance fee for nonresident adjuster organization license \$40 ~~\$60~~;
- Biennial renewal fee \$40 ~~\$60~~.'

Further amend the bill in section 16 in the 2nd line from the end (page 5, line 16 in L.D.) by striking out the following: "shall" and inserting in its place the following: 'shall must'

Further amend the bill in section 17 in subsection 2 in the first line (page 5, line 22 in L.D.) by striking out the following: "shall" and inserting in its place the following: 'shall must' and in the 5th line from the end (page 5, line 33 in L.D.) by striking out the following: "such" and inserting in its place the following: 'sueh'

Further amend the bill in section 18 in subsection 6 in the first line (page 5, line 43 in L.D.) by striking out the following: "shall" and inserting in its place the following: 'shall must' and in the 5th and 6th lines (page 5, lines 47 and 48 in L.D.) by striking out the following: "claims applicant to be indebted to it, and if so, the details thereof and the applicant's defense thereto" and inserting in its place the following: 'claims the applicant to be indebted to it, and if so, the details thereof of the claimed indebtedness and the applicant's defense thereto to the claimed indebtedness'

Further amend the bill in section 19 in that part designated "§1519." by striking out all of subsections 1 and 2 (page 6, lines 7 to 31 in L.D.) and inserting in their place the following:

~~'1. Upon completion of any~~ When an application for license under this chapter is completed, the superintendent shall make ~~such investigation as he deems advisable of~~ investigate, if necessary, the applicant's character, financial responsibility, experience, background and fitness for the license applied for.

2. As to applicants not theretofore licensed under this Title or licensed as insurance agent, broker or adjuster in this State under laws heretofore now in force, the superintendent shall secure, as soon as is reasonably possible after filing of the application, a credit and or investigation report relative to the applicant from a recognized and established independent investigation and reporting agency, ~~except that in lieu of obtaining a special such report, the superintendent may, in his discretion, accept with the application a similar report furnished by or on behalf of an insurer which proposes to appoint the applicant as its agent.~~ The cost, if any, of such report, in a reasonable uniform flat amount as from time to time fixed by the superintendent, shall must be paid by or on behalf of the applicant, and shall must be deposited with the superintendent at the time of filing the application. The superintendent shall promptly deposit the payment with the Treasurer of State to the credit of the Insurance Regulatory Fund. The superintendent shall keep confidential the contents of any such report and shall destroy the report after the application has been approved.

Further amend the bill in section 20 in that part designated "§1520" in subsection 1 in the 5th and 6th lines (page 6, lines 42 and 43 in L.D.) by striking out the following: "as to his competence to act as such" and inserting in its place the following: 'as to his test the applicant's competence to act as such'

Further amend the bill in section 20 in that part designated "§1520" by striking out all of subsections 2, 3 and 5 (page 6,

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lines 7 to 21 and lines 29 to 31 in L.D.) and inserting in their place the following:

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4 '2. If the applicant is an organization, the examination shall must be so taken by each individual who is to be named in or registered as-~~to~~ regarding the license, as provided in section 1517.

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10 3. As to life insurers authorized to issue variable contracts under section 2537, applicants appointed by such insurers to solicit such variable contracts in this State, in addition to completing examinations required for a life agent's license, shall 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~~ The registration shall must be with the broker-dealer of the insurer appointing the applicant or with a broker-dealer with whom the insurer has a sales agreement.

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20 5. Nothing in subsection 3 or 4 shall-~~be-deemed-to-prohibit~~ prohibits the giving of all required examinations as to a particular applicant on the same day.

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24 Further amend the bill in section 21 in that part designated "§1523." in subsection 1 in the first line (page 7, line 41 in L.D.) by striking out the following: "license--~~applicants individuals~~ shall" and inserting in its place the following: '~~license-applicants-shall~~ individuals must'

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30 Further amend the bill in section 21 in that part designated "§1523." in subsection 6 in the 4th line (page 8, line 18 in L.D.) by striking out the following: "as to" and inserting in its place the following: '~~as-to~~'

32
34 Further amend the bill in section 25 in subsection 2 in the 10th line (page 9, line 20 in L.D.) by striking out the following: "At least 15 days before" and inserting in its place the following: '~~At-least-15-days-before~~ Before' and in the 11th line from the end (page 9, line 29 in L.D) by striking out the following: "subject to refund" and inserting in its place the following: '~~subject-to-refund~~ refundable'

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40 Further amend the bill in section 31 by striking out all of subsection 2 (page 12, lines 10 and 11 in L.D.) and inserting in its place the following:

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44 '2. The bond shall-~~be is~~ continuous in form, and aggregate liability thereon on the bond may be limited to \$10,000 for an individual bond or \$25,000 for a blanket bond. If the adjuster

2 qualifies for licensure with a blanket bond, the covered
3 individual must be named on the bond.'

4 Further amend the bill in section 33 in that part designated
5 "**§1878.**" in subsection 1 in the 2nd line (page 12, line 22 in
6 L.D) by striking out the following: "shall" and inserting in its
7 place the following: '~~shall~~ must' and in subsection 2 in the
8 first line (page 12, line 29 in L.D.) by striking out the
9 following: "shall" and inserting in its place the following:
10 '~~shall~~ must'

11 Further amend the bill by inserting after section 35 the
12 following:

13 '**Sec. 36. Report.** The Superintendent of Insurance must report
14 to the joint standing committee of the Legislature having
15 jurisdiction over banking and insurance matters on the financial
16 effect of the license fee changes in this Act on or before May 1,
17 1996.

18 '**Emergency clause.** In view of the emergency cited in the
19 preamble, this Act takes effect when approved.'

20 Further amend the bill by inserting at the end before the
21 statement of fact the following:

22 **FISCAL NOTE**

23 The dedicated revenue increase that will be realized by the
24 Bureau of Insurance through the increase of certain fees will be
25 offset by the deauthorization of the bureau's ability to collect
26 certain retaliatory fees.

27 The Bureau of Insurance will incur some minor additional
28 costs to submit a required report to the Legislature. These
29 costs can be absorbed within the bureau's existing budgeted
30 resources.'

31 **STATEMENT OF FACT**

32 This amendment accomplishes the following.

33 1. It adds an emergency preamble and emergency clause to
34 the bill.

35 2. It makes changes in some of the licensing fees.

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2 3. It deletes the reference to 15 days and requires the
payment of licensing fees prior to the insurer's agents'
4 expiration dates.

6 4. It allows the individual to be covered by a bond of
\$10,000 or a blanket bond of \$25,000.

8 5. It requires a report from the Bureau of Insurance to the
10 joint standing committee of the Legislature have jurisdiction
over banking and insurance matters on the financial affect of the
12 license fee changes by April 1, 1996.

14 6. It adds a fiscal note.

16 7. This amendment also conforms existing law to current
drafting standards.