

# MAINE STATE LEGISLATURE

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173  
R 078

L.D. 1547

DATE: 6/12/95

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**BANKING AND INSURANCE**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
117TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1100, L.D. 1547, Bill, "An Act to Provide Administrative Clarification within the Maine Insurance Code"

Amend the bill by inserting after the enacting clause the following:

**Sec. 1. 9-A MRSA §2-501, sub-§2, ¶B**, as enacted by PL 1973, c. 762, §1, is amended to read:

B. With respect to consumer credit insurance providing life, accident or health coverage or involuntary unemployment coverage, if the insurance coverage is not a factor in the approval by the creditor of the extension of credit, and this fact is clearly disclosed in writing to the consumer, and if, in order to obtain the insurance in connection with the extension of credit, the consumer gives his specific affirmative written indication of his the desire to do so after written disclosure to him the consumer of the cost ~~thereof~~ of the insurance.

**Sec. 2. 9-A MRSA §8-105, sub-§2**, as amended by PL 1987, c. 129, §71, is further amended to read:

2. Charges or premiums for credit life, accident or health insurance or involuntary unemployment insurance written in connection with any consumer credit transaction shall ~~shall~~ must be included in the finance charge unless:

**COMMITTEE AMENDMENT**

2 A. The coverage of the debtor by the insurance is not a  
4 factor in the approval by the creditor of the extension of  
6 credit and this fact is clearly disclosed in writing to the  
8 person applying for or obtaining the extension of credit; and

10 B. In order to obtain the insurance in connection with the  
12 extension of credit, the person to whom the credit is  
14 extended shall must give specific affirmative written  
16 indication of his the desire to do so after written  
18 disclosure to him the person of the cost thereof of the  
20 insurance.'

22 Further amend the bill by inserting after section 6 the  
24 following:

26 'Sec. 7. 24-A MRSA §1511, sub-§1, as enacted by PL 1969, c.  
28 132, §1, is amended to read:

30 1. For the purposes of this chapter a "resident" is an  
32 individual whose domicile or principal place of business is  
34 located in this State, or an organization ~~with-an-established~~  
36 either incorporated in this State or having its principal place  
38 of business in this State.'

40 Further amend the bill by inserting after section 8 the  
42 following:

44 'Sec. 9. 24-A MRSA §1517, sub-§3, as enacted by PL 1969, c.  
46 132, §1, is repealed and the following enacted in its place:

48 3. A nonresident organization establishing a place of  
50 business in this State shall procure an organization license for  
52 each location in this State and shall staff each location with at  
54 least one resident broker or agent. A nonresident organization  
56 may register either nonresident or resident individual licensees  
58 to act in the name of the organization. Licensure of a  
60 nonresident organization does not depend upon the organization  
62 maintaining an organization license in another state. A resident  
64 organization may register either resident or nonresident  
66 licensees to act in the name of the organization.'

68 Further amend the bill in section 27 in subsection 1 in the  
70 last line (page 8, line 23 in L.D.) by striking out the  
72 following: "\$50,000" and inserting in its place the following:  
74 '\$20,000'

76 Further amend the bill by inserting after section 27 the  
78 following:

80 'Sec. 28. 24-A MRSA §2308, sub-§2, as enacted by PL 1987, c.  
82 337, is amended to read:

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2 2. To promote the availability of coverage in lines of  
4 insurance when coverage is difficult to obtain or unavailable, a  
6 form more restrictive than that provided by filings otherwise  
applicable may be used on any specific risk, provided that the  
following requirements are satisfied.

8 A. The restrictive form and applicable rates are filed with  
10 the bureau.

12 B. A disclosure statement detailing the nature of the  
14 restriction or restrictions contained in the form and the  
16 manner in which the provisions of the restrictive form  
differ from an otherwise applicable filing is provided to  
and acknowledged by the applicant for insurance.

18 C. A copy of the disclosure statement and the written  
20 application for insurance submitted by the applicant are  
submitted to the bureau.

22 D. The superintendent does not disapprove the use of the  
restrictive form in the specific case.

24 ~~The period during which a restrictive form may be employed,~~  
26 ~~consistent with this subsection, is for the maximum period of one~~  
28 ~~year. At any subsequent policy renewal, the provisions of this~~  
~~subsection must again be satisfied.~~

30 **Sec. 29. 24-A MRSA §2308, sub-§§3 and 4** are enacted to read:

32 3. At any subsequent policy renewal in which additional or  
different restrictive policy forms or excess rates are employed,  
the provisions of this section must again be satisfied.

34 4. Notification to the superintendent of cancellation or  
36 nonrenewal of a policy containing restrictive forms or employing  
38 excess rates is required within 30 days following cancellation or  
nonrenewal of the policy.'

40 Further amend the bill by relettering or renumbering any  
42 nonconsecutive Part letter or section number to read  
consecutively.

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

48 **FISCAL NOTE**

50 The Bureau of Insurance within the Department of

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2 Professional and Financial Regulation will incur some minor  
3 additional costs to reimburse members of the Continuing Education  
4 Advisory Committee for expenses incurred in attending committee  
5 meetings. These costs can be absorbed within the bureau's  
6 existing budgeted resources.'

8 **STATEMENT OF FACT**

10 This amendment changes the minimum bond requirement for  
11 surplus lines brokers from \$2,500 to \$20,000. The bill changed  
12 the minimum to \$50,000. The amendment also makes the following  
13 additions to the original bill.

14 1. Current law is modified to allow nonresident  
15 organizations to establish places of business in the State  
16 without having to incorporate in the State and to allow  
17 organizations to employ both resident and nonresident agents and  
18 brokers.

20 2. Property and casualty insurers can continue to use  
21 approved excess rates without an annual filing requirement, but  
22 notification of cancellation or nonrenewal to the Superintendent  
23 of Insurance is now required.

26 3. Clarification is provided to allow the availability of  
27 involuntary unemployment credit insurance in the State with the  
28 appropriate consumer disclosures and protections.

30 The amendment also adds a fiscal note to the bill.