

# MAINE STATE LEGISLATURE

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R. O. S.

L.D. 1296

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DATE: April 28, 1997

(Filing No. S- 150 )

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## JUDICIARY

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Reported by: Senator Longley

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### STATE OF MAINE SENATE 118TH LEGISLATURE FIRST SPECIAL SESSION

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COMMITTEE AMENDMENT "A " to S.P. 401, L.D. 1296, Bill, "An Act to Amend the Maine Probate Code to Eliminate Interest on Claims of Creditors of Insolvent Estates"

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Amend the bill in section 1 in subsection (d) in the 3rd line (page 1, line 8 in L.D.) by inserting after the following: "bear" the following: 'prejudgment' and by striking out the following: "legal rate" and inserting in its place the following: 'legal rate specified in Title 14, section 1602, subsection 1, paragraph A'

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Further amend the bill by striking out all of the blocked paragraph (page 1, lines 13 to 16 in L.D.) and inserting in their place the following:

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'(1) Interest may not accrue on any allowed claims, however allowed, against an insolvent estate, except to the extent that insurance coverage or other nonprobate assets are available to pay the claim in full. This paragraph is effective for estates of decedents who die on or after October 1, 1997.'

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'(2) To the extent that an allowed claim against an insolvent estate is secured by property, the value of which, as determined under section 3-809, is greater than the amount of the claim, the holder of the claim may receive interest on the principal amount of the claim and any reasonable fees, costs or charges provided for under an agreement under which the claim arose. This paragraph is effective for estates of decedents who die on or after October 1, 1997.'

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**SUMMARY**

This amendment strikes the ambiguous term "legal rate" and clarifies that allowed claims made against an estate bear prejudgment interest at a rate specified in the Maine Revised Statutes, Title 14, section 1602, subsection 1, paragraph A. It avoids disruptions of estates that have already commenced when the bill becomes effective by making the bill applicable only to estates where the decedent dies on or after October 1, 1997. Finally, it permits interest to accrue on claims presented to an insolvent estate that are secured by property worth more than the claim.