

MAINE STATE LEGISLATURE

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M
R.S.

L.D. 2574

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DATE: 3/23/2000

(Filing No. S-589)

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BANKING AND INSURANCE

Reported by:

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**STATE OF MAINE
SENATE
119TH LEGISLATURE
SECOND REGULAR SESSION**

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COMMITTEE AMENDMENT "A" to S.P. 1007, L.D. 2574, Bill, "An
Act to Harmonize State Financial Services Laws with Federal Law"

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

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

30 **Whereas,** the federal Financial Services Modernization Act of
32 1999 provides that if state law does not allow a mutual insurance
34 company to reorganize as a stock insurer within a mutual holding
company structure, a mutual insurance company may transfer its
domicile to any state that has such a law without submitting a
withdrawal plan to the Superintendent of Insurance; and

36 **Whereas,** Maine law does not currently allow a mutual
38 insurance company to reorganize as a stock insurer within a
mutual holding company structure; and

40 **Whereas,** this Act authorizes a mutual insurance company to
42 reorganize as a stock insurer within a mutual holding company
structure; and

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

COMMITTEE AMENDMENT

COMMITTEE AMENDMENT "A" to S.P. 1007, L.D. 2574

Further amend the bill in section 5 in that part designated "~~§3488.~~" by striking out all of subsections 10 and 11 (page 4, lines 34 to 42 in L.D.) and inserting in their place the following:

'10. Exclusion of certain insurers. This section does not apply to an insurer authorized to transact life insurance or annuities or an insurer formed pursuant to chapter 52.'

Further amend the bill in section 5 in that part designated "~~§3489.~~" in subsection 1 in the first line (page 4, line 46 in L.D.) by striking out the following: "this section" and inserting in its place the following: 'section 3488, this section and section 3490'

Further amend the bill in section 5 in that part designated "~~§3489.~~" in subsection 2 by striking out all of the last 2 blocked paragraphs (page 9, lines 1 to 13 in L.D.) and inserting in their place the following:

'N. For purposes of the limitations on ownership or control of voting stock contained in this subsection, any issued and outstanding securities that represent the right to acquire or that are convertible into voting stock, including warrants, options and rights to purchase voting stock, are deemed to represent the number of shares of voting stock issuable upon conversion or exercise of such securities or rights for the purposes of both the number of shares owned or controlled by a person and the total number of shares of voting stock outstanding.

For purposes of determining ownership or control of voting stock, the indirect ownership of stock in the reorganized insurer by virtue of having an ownership interest in the mutual holding company may not be considered.'

Further amend the bill by inserting before the summary the following:

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

Further amend the bill by inserting at the end before the summary the following:

'FISCAL NOTE

This bill may increase the number of civil suits filed in the court system. The additional workload and administrative costs associated with the minimal number of new cases filed can

COMMITTEE AMENDMENT "A" to S.P. 1007, L.D. 2574

2 be absorbed within the budgeted resources of the Judicial
Department. The collection of additional filing fees may also
4 increase General Fund revenue by minor amounts.'

6 **SUMMARY**

8 This amendment clarifies that a health insurance company
10 organized as a mutual insurer may reorganize through the
formation of a mutual holding company. The amendment also
12 removes the provision in the bill that would have allowed
challenges to a decision of the Superintendent of Insurance to
14 approve the reorganization of a mutual insurer through the
formation of a mutual holding company to be brought up to 180
16 days after the superintendent's approval of the plan.

18 The amendment also adds an emergency preamble, emergency
clause and fiscal note to the bill.