

# MAINE STATE LEGISLATURE

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L.D. 1630

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DATE: *April 26, 2001* (Filing No. S-89 )

**BANKING AND INSURANCE**

Reported by:

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**STATE OF MAINE  
SENATE  
120TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 511, L.D. 1630, Bill, "An Act to Permit the Issuance of Certain Types of Consumer Credit Insurance"

Amend the bill by striking out all of section 4 and inserting in its place the following:

'Sec. 4. 24-A MRSA §2851, as repealed and replaced by PL 1999, c. 256, Pt. H, §1, is amended to read:

**§2851. Scope of provisions**

All life insurance and all health insurance in connection with loans or other credit transactions are subject to this chapter, except:

**1. Long-term loan.** Insurance in connection with a loan or other credit transaction of more than 15 years' duration;

**2. Isolated transactions.** Insurance issued in an isolated transaction on the part of the insurer not related to an agreement or a plan for insuring debtors of the creditor; ~~or~~

**3. Real estate loan.** Insurance in connection with real estate loans when the charge, if any, to the debtor is periodic and not financed;

**4. Casualty insurance.** Insurance issued pursuant to section 707, subsection 1, paragraph I against loss or damage resulting from failure of debtors to pay their obligations to the insured;  
or

**COMMITTEE AMENDMENT**

Ads

COMMITTEE AMENDMENT "A" to S.P. 511, L.D. 1630

2 5. Debt cancellation agreements. Debt cancellation  
3 agreements entered into between financial institutions or credit  
4 unions and their debtors.'

6 Further amend the bill in section 12 in that part designated  
7 "§2859." by striking out all of subsection 1-A and inserting in  
8 its place the following:

10 '1-A. Rates filed; property and casualty. All rates  
11 charged in connection with credit property insurance or credit  
12 involuntary unemployment insurance must be filed in accordance  
13 with section 2304-A. An insurer may not issue any credit  
14 property insurance or credit involuntary unemployment insurance  
15 policy for which the premium rate exceeds those rates then on  
16 file with the superintendent.'

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

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21 **FISCAL NOTE**

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23 The Bureau of Insurance within the Department of  
24 Professional and Financial Regulation will incur some minor  
25 additional costs to adopt rules regarding consumer credit  
26 insurance including the creation of rating standards and to  
27 establish specific requirements for group property and casualty  
28 insurance policies and rates. These costs can be absorbed within  
29 the bureau's existing budgeted resources.'

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31 **SUMMARY**

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33 This amendment exempts casualty insurance and debt  
34 cancellation agreements from the application of chapter 37 of the  
35 Maine Insurance Code. The amendment also removes the reference to  
36 approval of rates consistent with current law.

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