

MAINE STATE LEGISLATURE

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L.D. 1976

DATE: 2-19-02

(Filing No. H-812)

BANKING AND INSURANCE

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1475, L.D. 1976, Bill, "An Act to Modify Investment-related Insurance Company Provisions of the Maine Insurance Code"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 24-A MRSA §901-A, sub-§1, as enacted by PL 2001, c. 72, §7, is amended to read:

1. Principles; admitted assets. In evaluating the financial condition of an insurer, the superintendent shall determine which assets may be recognized as admitted assets, and shall value the insurer's admitted assets and the insurer's liabilities in accordance with recognized statutory accounting principles as codified by the National Association of Insurance Commissioners or its successor organization and reflected in the association's accounting practices and procedures manual and ~~its~~ valuation of securities manual and their successor publications and in accordance with any permitted additional accounting practices approved permitted by the superintendent upon the request of the insurer.

Sec. 2. 24-A MRSA §1106, sub-§4, as amended by PL 1993, c. 313, §21, is further amended to read:

4. Except as otherwise expressly provided, an insurer may not invest more than 10% of its assets in the securities of any one person, other than investments eligible under the following sections:

A. 1107 (public obligations); and

2 B. 1108 (obligations, stock of certain federal and
international agencies); and

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6 C. 1120 (common trust funds, mutual funds), but as to this
8 exception, only with the prior approval of the
superintendent and only in index mutual funds in an amount
up to 20% of the insurer's assets.

10 **Sec. 3. 24-A MRSA §1155, sub-§2**, as amended by PL 1999, c.
12 715, §11, is further amended to read:

14 **2. Government obligations; policy loans; other**
16 **limitations.** Except as otherwise expressly provided, an insurer
18 may not invest in or may not incur counter-party exposure to any
20 one person if, after giving effect to those investments and that
counter-party exposure, the aggregate of those investments in and
that counter-party exposure to that person would exceed 10% of
the insurer's admitted assets, ~~other than investments eligible~~
under with the following sections exceptions:

22 A. Government obligations, pursuant to section 1156,
24 subsection 2, paragraph A; and

26 B. Policy loans, pursuant to section 1158; and

28 C. Index mutual funds, but as to this exception, only with
the prior approval of the superintendent and limited to 20%
of the insurer's admitted assets.'

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

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·FISCAL NOTE

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38 The Bureau of Insurance in the Department of Professional
and Financial Regulation will incur some minor additional costs
40 to ensure compliance with the provisions of this bill. These
costs can be absorbed within the bureau's existing budgeted
42 resources.'

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SUMMARY

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This amendment replaces the bill. The amendment permits
property and casualty and life and health insurers to invest up
to 20% of their assets in qualifying index mutual funds with

COMMITTEE AMENDMENT "A" to H.P. 1475, L.D. 1976

2 the prior approval of the Superintendent of Insurance. The
amendment also makes technical corrections to the admitted assets
4 and valuation provision to clarify the intent of Public Law 2001,
chapter 72.

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