MAINE STATE LEGISLATURE

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L.D. 36

| 2 | Date: $4/21/23$ (Filing No. S- 38) |
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| 3 | HEALTH COVERAGE, INSURANCE AND FINANCIAL SERVICES |
| 4 | Reproduced and distributed under the direction of the Secretary of the Senate. |
| 5 | STATE OF MAINE |
| 6 | SENATE |
| 7 | 131ST LEGISLATURE |
| 8 | FIRST SPECIAL SESSION |
| 9 10 | COMMITTEE AMENDMENT " # " to S.P. 28, L.D. 36, "An Act to Make Corrections to the Maine Insurance Code" |
| 11 12 | Amend the bill in section 1 in subsection 2 in the 3rd line (page 1, line 6 in L.D.) by striking out the following: "14" and inserting the following: '14 10 business' |
| 13 14 | Amend the bill in section 1 in subsection 2 in the 5th line (page 1, line 8 in L.D.) by inserting after the following: "5" the following: 'business' |
| 15 | Amend the bill by striking out all of section 2 and inserting the following: |
| 16 17 | 'Sec. 2. 24-A MRSA §1106, sub-§4, as amended by PL 2001, c. 524, §2, is further amended to read: |
| 18 19 20 | 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: |
| 21 | A. 1107 (public obligations); |
| 22 | B. 1108 (obligations, stock of certain federal and international agencies); and |
| 23 24 25 | C. 1120 (common trust funds, mutual funds), but as to this 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-; and |
| 26 27 28 29 30 31 32 33 34 35 | D. 1115 (stocks of subsidiaries), but only with the prior approval of the superintendent unless, with respect to investments in subsidiaries engaged in or organized to engage in the kinds of business in which the insurer may engage, the investments would not result in the aggregate net cost of the insurer's investments in all such subsidiaries exceeding 50% of its surplus as to policyholders. For the purposes of this paragraph, "net cost of the insurer's investment" means the sum of the total money or other consideration expended and obligations assumed in the acquisition or formation of a subsidiary, including all organizational expenses and contributions to capital and surplus of that subsidiary, and all amounts expended in acquiring additional common stock, preferred stock, debt obligations and other securities, and all contributions to the |

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COMMITTEE AMENDMENT " A" to S.P. 28, L.D. 36 (5-3 $\dot{8}$)

| 1 | capital or surplus, of a subsidiary subsequent to its acquisition or formation less any |
|----------------------|---|
| 2 | returns of capital, repayments of principal and any other payments that reduce the |
| 3 | insurer's investment in the subsidiary.' |
| 4 | Amend the bill by relettering or renumbering any nonconsecutive Part letter or section |
| 5 | number to read consecutively. |
| 6 | SUMMARY |
| 7 8 9 | This amendment changes the time frame in the bill related to when insurers and other licensees respond to inquiries from 14 days to 10 business days and clarifies that responses to follow-up inquiries must be made within 5 business days. |
| 10 11 12 13 | The amendment also clarifies that domestic insurance companies are required to get prior approval of the Superintendent of Insurance before investing in stocks of subsidiaries unless, with respect to investments in subsidiaries engaged in the same kinds of business as the insurance company, the investments would not result in the aggregate net cost of the insurer's investments in all such subsidiaries exceeding 50% of its surplus to policyholders. |
| 15 | FISCAL NOTE REQUIRED |
| 16 | (See attached) |
| | |

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131st MAINE LEGISLATURE

LD 36

LR 145(02)

An Act to Make Corrections to the Maine Insurance Code

Fiscal Note for Bill as Amended by Committee Amendment "4" (\$-38)

Committee: Health Coverage, Insurance and Financial Services

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

Additional costs to the Department of Professional and Financial Regulation to implement the provisions in this bill are expected to be minor and can be absorbed within existing budgeted resources.