

# MAINE STATE LEGISLATURE

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**LAWS**  
OF THE  
**STATE OF MAINE**

AS PASSED BY THE

ONE HUNDRED AND NINTH LEGISLATURE

FIRST REGULAR SESSION

January 3, 1979 to June 15, 1979

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED, TITLE 3, SECTION 164, SUBSECTION 6.

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State Tax Assessor may revoke the ~~handler's~~ **dealer's** certificate of such ~~handler~~ **dealer**. The revocation shall be reviewable in accordance with section 151.

**Sec. 9. Effective date.** This Act shall not take effect unless the producers required to pay the tax have approved the tax by an affirmative vote. At least 51% of the producers eligible to vote must vote and a majority of that number must vote in the affirmative. The Commissioner of Agriculture shall mail a ballot and copy of this Act and a self-addressed stamped envelope, within 30 days after the effective date of this Act, to each producer required to pay the tax, whose name appears on a list certified to him to be accurate, according to available information, by the Division of Inspections. The question on the ballot shall be as follows:

“Shall a tax be levied and imposed on all certified producers at the rate of .8 of 1% of the average Class 1 price per hundredweight, rounded to the nearest 10th of 1%, paid to Maine milk producers by Maine milk dealers for milk of 3.5% butterfat content during the previous calendar year on all milk produced or imported for sale within this State, except milk consumed on the farm where produced?”

Yes       No

I hereby certify that I am a producer of milk in Maine.

If this farm is a partnership or is incorporated, I am authorized to cast this ballot in behalf of that partnership or corporation.

\_\_\_\_\_  
Signature of Producer

\_\_\_\_\_  
Signature of Witness

The commissioner shall review the returns received by him within 50 days after the date of mailing the ballots to the producers and certify to the State Tax Assessor the results of the election.

If a majority of those producers voting approve the provision, section 3 of this Act which repeals and replaces the Maine Revised Statutes, Title 36, section 4505, the Act shall take effect on January 1, 1980.

Effective September 14, 1979 unless otherwise indicated

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**CHAPTER 453**

**H. P. 728 — L. D. 915**

**AN ACT to Amend the Standard Valuation Law.**

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 24-A MRSA § 925, as last amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

§ 925. Health insurance policy reserves

The superintendent shall each year value, or cause to be valued, the reserve liabilities, as of the 31st day of December of the preceding year, of every insurance company doing business in this State with respect to all of its health policies, except that in the case of alien insurers the valuation shall be limited to its United States' business. In lieu of the valuation of the reserves required of any foreign or alien insurer, he may accept any valuation made, or caused to be made, by the insurance supervisory official of any state or other jurisdiction when the valuation complies with the minimum standard required hereunder, and if the official of that state or jurisdiction accepts as sufficient and valid for all legal purposes the certificate of valuation of the superintendent when the certificate states the valuation to have been made in a specified manner according to which reserves in the aggregate would be at least as large as if they had been computed in the manner prescribed by law of that state or jurisdiction.

For all such health policies, the company shall establish and maintain a reserve which shall place a sound value on its liabilities under such policies and be not less than the reserve according to appropriate standards set forth in regulations issued by the superintendent and, in no event, less in the aggregate than the pro rata gross unearned premiums for such policies.

For all such health insurance policies, the insurer shall establish and maintain thereon a reserve which shall place a sound value on its liabilities under such policies and in less than the reserve according to appropriate standards set forth in regulations issued by the superintendent and, in no event, less in the aggregate than the pro rata gross unearned premiums for such policies.

Sec. 2. 24-A MRSA § 953, sub-§ 2, 2nd ¶, as repealed and replaced by PL 1975, c. 342, § 2, is amended to read:

Except as otherwise provided in subsection 3, the minimum standard for the valuation of all such policies and contracts shall be the commissioner's reserve valuation method defined in section 954, 3½% interest, or in the case of policies and contracts, other than annuity and pure endowment contracts, issued on or after December 31, 1975, 4% interest, and the following tables, or in the case of such policies and contracts, other than annuity and pure endowment contracts, issued on or after January 1, 1980, 4½% interest, and the following tables.

Sec. 3. 24-A MRSA § 953, sub-§ 2, ¶ A, as enacted by PL 1969, c. 132, § 1 is amended to read:

A. Standard Ordinary Mortality Table. For all ordinary policies of life

insurance issued on the standard basis, excluding any disability and accidental death benefits in such policies, — the Commissioners 1941 Standard Ordinary Mortality Table; provided, **however**, that the Commissioners 1958 Standard Ordinary Mortality Table shall be the table for such minimum standard for such policies issued on and after January 1, 1966, or such earlier date after September 12, 1959, as shall have been elected by an insurer as the date on and after which it would use such table as the basis for minimum cash surrender values and nonforfeiture benefits under the standard nonforfeiture law; provided that for any category of such policies issued on female risks all modified net premiums and present values referred to in sections 951 to 957 may be calculated according to an age not more than 3 years younger than the actual age of the insured, **or in the case of such policies issued on or after January 1, 1980, according to an age not more than 6 years younger than the actual age of the insured.**

Sec. 4. 24-A MRSA § 953, sub-§ 3, ¶¶ A and B, as enacted by PL 1975, c. 342, § 3, are amended to read:

**A. 1971 Individual Annuity Mortality Table.** For individual annuity and pure endowment contracts, excluding any disability and accidental death benefits in such contracts — the 1971 Individual Annuity Mortality Table, or any modification of this table approved by the superintendent, and 6% interest for single premium immediate annuity contracts, and 4% interest for all other individual annuity and pure endowment contracts, **or in the case of such contracts issued on or after January 1, 1980, 7½% interest for individual single premium immediate annuity contracts, 5½% interest for single premium deferred annuity and pure endowment contracts and 4½% interest for all other such individual annuity and pure endowment contracts.**

**B. 1971 Group Annuity Mortality Table.** For all annuities and pure endowments purchased under group annuity and pure endowment contracts, excluding any disability and accidental death benefits purchased under such contracts — the 1971 Group Annuity Mortality Table, or any modification of this table approved by the superintendent, and 6% interest, **or in the case of annuities and pure endowments purchased under such contracts on or after January 1, 1980, 7½% interest.**

Sec. 5. 24-A MRSA § 954, as enacted by PL 1969, c. 132, § 1, is repealed and the following enacted in its place:

§ 954. Commissioners reserve valuation method defined

1. Policies providing for uniform insurance and uniform premiums. Except as otherwise provided in subsection 2 and section 957, reserves according to the commissioners reserve valuation method, for the life insurance and endowment benefits of policies providing for a uniform amount of insurance and requiring the payment of uniform premiums, shall be the excess, if any, of the present value, at

the date of valuation, of such future guaranteed benefits provided for by such policies, over the then present value of any future modified net premiums therefor. The modified net premiums for any such policy shall be such uniform percentage of the respective contract premiums for such benefits that the present value, at the date of issue of the policy, of all such modified net premiums shall be equal to the sum of the then present value of such benefits provided for by the policy and the excess of paragraph A or paragraph B as follows:

A. A net level annual premium equal to the present value, at the date of issue, of such benefits provided for after the first policy year, divided by the present value, at the date of issue, of an annuity of one per year payable on the first and each subsequent anniversary of such policy on which a premium falls due. Such net level annual premium shall not exceed the net level annual premium on the 19-year premium whole life plan for insurance of the same amount at an age one year higher than the age at issue of such policy;

B. A net one-year term premium for such benefits provided in the first policy year.

Reserves according to the commissioners reserve valuation method for:

- (1) Life insurance policies for a varying amount of insurance or requiring the payment of varying premiums;
- (2) Group annuity and pure endowment contracts, purchased under a retirement plan or plan of deferred compensation, established or maintained by an employer, including a partnership or sole proprietorship, or by an employee organization, or by both, other than a plan providing individual retirement accounts or individual retirement annuities under the United States Internal Revenue Code, Section 408, as now or hereafter amended;
- (3) Disability and accidental death benefits in all policies and contracts;  
and
- (4) All other benefits, except life insurance and endowment benefits in life insurance policies and benefits provided by all other annuity and pure endowment contracts,

shall be calculated by a method consistent with the principles of the preceding provisions, except that any extra premiums charged because of impairments or special hazards shall be disregarded in the determination of modified net premiums.

2. Annuity and pure endowment contracts. This subsection shall apply to all annuity and pure endowment contracts other than group annuity and pure endowment contracts purchased under a retirement plan or plan of deferred compensation, established or maintained by an employer (including a partnership or sole proprietorship) or by an employee organization, or by both, other than a

plan providing individual retirement accounts or individual retirement annuities under the United States Internal Revenue Code, Section 408, as now or hereafter amended.

Reserves according to the commissioners annuity reserve method for benefits under annuity or pure endowment contracts, excluding any disability or accidental death benefits in such contracts, shall be the greatest of the respective excesses of the present values, at the date of valuation, of the future guaranteed benefits, including guaranteed nonforfeiture benefits, provided for by such contracts at the end of each respective contract year, over the present value, at the date of valuation, of any future valuation considerations derived from future gross considerations, required by the terms of such contract, that become payable prior to the end of such respective contract year. The future guaranteed benefits shall be determined by using the mortality table, if any, and the interest rate, or rates, specified in such contracts for determining guaranteed benefits. The valuation considerations are the portions of the respective gross considerations applied under the terms of such contracts to determine nonforfeiture values.

Sec. 6. 24-A MRSA § 956, as amended by PL 1973, c. 585, § 12, is further amended to read:

#### § 956. Calculation of reserves

Reserves for any category of policies, contracts or benefits as established by the superintendent, which are subject to section 953, subsection 2, may be calculated, at the option of the insurer, according to any standards which produce greater aggregate reserves for such category than those calculated according to the minimum standard herein provided, but the rate or rates of interest used for policies and contracts, other than annuity and pure endowment contracts, shall not be higher than the corresponding rate or rates of interest used in calculating any nonforfeiture benefits provided for therein. Reserves for participating life insurance policies, which are subject to section 953, subsection 2, may, with the consent of the superintendent, be calculated according to a rate of interest lower than the rate of interest used in calculating the nonforfeiture benefits in such policies, with the further proviso that if such lower rate differs from the rate used in the calculation of the nonforfeiture benefits by more than  $\frac{1}{2}\%$ , the insurer issuing such policies shall file with the superintendent a plan providing for such equitable increases, if any, in the cash surrender values and nonforfeiture benefits in such policies as the superintendent shall approve

Sec. 7. 24-A MRSA § 957, as enacted by PL 1969, c. 132, § 1, is repealed and the following enacted in its place:

#### § 957. Deficiency reserve

If the gross premium charged by any life insurer on any policy or contract which is subject to section 953, subsection 2, is less than the valuation net premium for the policy or contract calculated by the method used in calculating the reserve



thereon, but using the minimum valuation standards of mortality and rate of interest, the minimum reserve required for such policy or contract shall be the greater of either the reserve calculated according to the mortality table, rate of interest and method actually used for such policy or contract, or the reserve calculated by the method actually used for such policy or contract, but using the minimum standards of mortality and rate of interest and replacing the valuation net premium by the actual gross premium in each contract year for which the valuation net premium exceeds the actual gross premium.

Sec. 8. 24-A MRSA § 958 is enacted to read:

§ 958. Interest rates

All changes in the interest rates specified in this subchapter and in sections 2528 to 2534, which were made by the Amendatory Acts of 1979, shall become ineffective as to contracts or policies issued on or after November 1, 1987, unless expressly extended by law.

Effective September 14, 1979

## CHAPTER 454

H. P. 1315 — L. D. 1569

### AN ACT Relating to the Marketing of Potatoes.

Be it enacted by the People of the State of Maine, as follows:

7 MRSA § 957, sub-§ 3, as enacted by PL 1977, c. 696, § 82, is amended to read:

3. **Third and subsequent violations.** For the 3rd and subsequent violations committed during the year from September 1st to August 31st, a civil penalty of not less than \$1,000 and, after notice and opportunity for hearing is provided by the commissioner in a manner consistent with the Maine Administrative Procedure Act for adjudicatory proceedings, may, for the remainder of the period, be subject to mandatory inspection in the manner provided in section 446.

Effective September 14, 1979

## CHAPTER 455

H. P. 1132 — L. D. 1400

### AN ACT to Permit Municipal Water Departments and Quasi-municipal Water Districts to Provide a Contingency Reserve.