

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD
OF THE
One Hundred and Twelfth
Legislature
OF THE
STATE OF MAINE

VOLUME I
SECOND REGULAR SESSION
January 8 - April 2, 1986

The House was called to order by the Speaker.
Prayer by Reverend Elizabeth J. Bachelder-Drost,
Mechanic Falls United Methodist Church and Minot
United Methodist Church.

The Journal of Tuesday, March 18, 1986 was read
and accepted.

Quorum call was held.

PAPERS FROM THE SENATE

Bill "An Act to Authorize Temporary Licenses to
Operate Family Foster Homes" (S.P. 885) (L.D. 2230)

Came from the Senate, referred to the Committee
on Human Resources and Ordered Printed.

Was referred to the Committee on Human Resources
in concurrence.

Unanimous Leave to Withdraw

Report of the Committee on Business and Commerce
reporting "Leave to Withdraw" on Bill "An Act to
Clarify the Applicability of the Motor Vehicle Dealer
Laws and the Used Car Information Law to Financial
Institutions" (S.P. 823) (L.D. 2083)

Report of the Committee on Legal Affairs
reporting "Leave to Withdraw" on Bill "An Act
Relating to the Collection of Sums Due for Rent and
Damages in Actions for Forcible Entry and Detainer"
(S.P. 851) (L.D. 2152)

Were placed in the Legislative Files without
further action pursuant to Joint Rule 15 in
concurrence.

Ought to Pass in New Draft

Report of the Committee on Taxation on Resolve,
Reimbursing Certain Municipalities on Account of
Taxes Lost Due to Lands being Classified under the
Maine Tree Growth Tax Law (Emergency) (S.P. 749)
(L.D. 1913) reporting "Ought to Pass" in New Draft
(Emergency) (S.P. 881) (L.D. 2216)

Came from the Senate, with the report read and
accepted and the New Draft passed to be engrossed.

Report was read and accepted, the New Draft given
its first reading and assigned for second reading
later in today's session.

Non-Concurrent Matter

TABLED AND ASSIGNED

An Act to Promote Intensive Spruce-fir Management
(H.P. 1468) (L.D. 2070) (H. "A" H-571) which was
passed to be enacted in the House on March 17, 1986.

Came from the Senate passed to be engrossed in
non-concurrence.

On motion of Representative Diamond of Bangor,
tabled pending further consideration and tomorrow
assigned.

COMMUNICATIONS

The following Communication: (H.P. 1584)

Maine Medical Center
Department of Rehabilitation Medicine
Portland, Maine 04102

March 17, 1986

The Honorable John Martin
Speaker of the House
112th Maine Legislature
Augusta, Maine 04333

Dear Mr. Speaker:

On behalf of the Select Committee to Address Training
and Employment Opportunities for Handicapped Youth
Beyond School Age, I am pleased to transmit the
enclosed Executive Summary of our final report to the
Legislature. This Executive Summary provides
background on our efforts to study the transition
issue and prepare proposed legislation. I appreciate
your support for this bill which may come before the
Legislative Council this week.

Maine has made a considerable investment in special
education for handicapped students. More than 1000
handicapped students leave Maine high schools each
year; many do not graduate and an even greater number
have inadequate plans for transition into necessary
adult services. For the majority, unsubsidized
employment and independent living will never be a
reality without these additional services.

It is now time to create a smooth transition of
services from school that enables employment and
community living in the least restrictive manner for
each student. We are confident that our proposed
legislation would develop better services and
therefore improve the lives of Maine's handicapped
young adults. The proposed bill would create six
local projects in Maine that develop innovative
interagency approaches to this problem.

We apologize for the lateness of the final report; it
was to have been delivered in January of this year.
However, I hope you will agree that the short delay
was necessary to address such a complicated issue in
a comprehensive manner.

The Select Committee was composed of representatives
of the many groups which play a role in the
transition of handicapped youth from school to
community living. Each of these representatives, and
myself, stand ready to answer any questions or
concerns you might have on this report and on our
proposed legislation.

Respectfully submitted,

March 18, 1986

S/Richard M. Balser,
Chairperson
Select Committee to
Address Training and
Employment Opportunities
for Handicapped Persons
Beyond School Age

Senator Jean B. Chalmers
Representative Nathaniel J. Crowley, Sr.
Chairpersons
Joint Committee on Marine Resources
112th Legislature
Augusta, Maine 04333

Was read and with accompanying report ordered
placed on file and sent up for concurrence.

Dear Chairs:

Please be advised that Governor Joseph E. Brennan
has nominated Brian P. Tarbox of Cumberland Center
for appointment to the Marine Resources Advisory
Council.

The following Communication: (S.P. 882)

Pursuant to Title 12 M.R.S.A Section 6024, this
nomination will require review by the Joint Standing
Committee on Marine Resources and confirmation by the
Senate.

STATE OF MAINE
112th LEGISLATURE
AUGUSTA, MAINE 04333

Sincerely,

March 18, 1986

S/Charles P. Pray
President of the Senate

Senator Jean B. Chalmers
Representative Nathaniel J. Crowley, Sr.
Chairpersons
Joint Committee on Marine Resources
112th Legislature
Augusta, Maine 04333

S/John L. Martin
Speaker of the House

Dear Chairs:

Came from the Senate, Read and Referred to the
Committee on Marine Resources.

Please be advised that Governor Joseph E. Brennan
has nominated Myron A. Sprague, Jr. of Swan's Island
for appointment to the Marine Resources Advisory
Council.

Was Read and Referred to the Committee on Marine
Resources in concurrence.

Pursuant to Title 12 M.R.S.A Section 6024, this
nomination will require review by the Joint Standing
Committee on Marine Resources and confirmation by the
Senate.

The following Communication: (S.P. 884)

STATE OF MAINE
112th LEGISLATURE
AUGUSTA, MAINE 04333

Sincerely,

March 18, 1986

S/Charles P. Pray
President of the Senate

S/John L. Martin
Speaker of the House

Came from the Senate, Read and Referred to the
Committee on Marine Resources.

Senator Jean B. Chalmers
Representative Nathaniel J. Crowley, Sr.
Chairpersons
Joint Committee on Marine Resources
112th Legislature
Augusta, Maine 04333

Was Read and Referred to the Committee on Marine
Resources in concurrence.

Dear Chairs:

Please be advised that Governor Joseph E. Brennan
has nominated David Turner of Eastport for
reappointment to the Marine Resources Advisory
Council.

The following Communication: (S.P. 883)

STATE OF MAINE
112th LEGISLATURE
AUGUSTA, MAINE 04333

Pursuant to Title 12 M.R.S.A Section 6024, this
nomination will require review by the Joint Standing
Committee on Marine Resources and confirmation by the
Senate.

Sincerely,

S/Charles P. Pray
President of the Senate

S/John L. Martin
Speaker of the House

Came from the Senate, Read and Referred to the Committee on Marine Resources.

Was Read and Referred to the Committee on Marine Resources in concurrence.

PETITIONS, BILLS AND RESOLVES
REQUIRING REFERENCE

The following Bill was received and, upon the recommendation of the Committee on Reference of Bills, was referred to the following Committee, Ordered Printed and Sent up for Concurrence:

Fisheries & Wildlife

Bill "An Act to Amend the ATV Laws" (Emergency) (H.P. 1583) (L.D. 2229) (Submitted by the Bureau of Parks and Recreation pursuant to Public Law 1985, chapter 301, section 3)

(Ordered Printed)
Sent up for concurrence.

Reported Pursuant to the Statutes

Audit & Program Review

Representative ROLDE from the Committee on Audit and Program Review, pursuant to Maine Revised Statutes Annotated, Title 3, chapter 23 ask leave to submit its findings and report that the accompanying Bill "An Act to Strengthen the Organization of Emergency Medical Services" (H.P. 1576) (L.D. 2223) be referred to the Joint Standing Committee on Audit and Program Review for public hearing and printed pursuant to Joint Rule 18.

Report was read and accepted, and the bill referred to the Committee on Audit and Program Review, ordered printed and sent up for concurrence.

ORDERS

On motion of Representative McSWEENEY of Old Orchard Beach, the following Order:

ORDERED, that Representative Mary E. Small of Bath be excused March 19 for Legislative Business.

Was read and passed.

REPORTS OF COMMITTEES

Unanimous Leave to Withdraw

Representative McCOLLISTER from the Committee on Taxation on Bill "An Act Amending the Excise Tax Law as it Relates to Car Leasing" (H.P. 1243) (L.D. 1753) reporting "Leave to Withdraw"

Was placed in the Legislative Files without further action pursuant to Joint Rule 15 and sent up for concurrence.

Ought to Pass in New Draft

Representative MURRAY from the Committee on Business and Commerce on Bill "An Act to Amend Maine's Abandoned Property Law" (H.P. 1192) (L.D. 1689) reporting "Ought to Pass" in New Draft (H.P. 1577) (L.D. 2224)

Report was read and accepted, the New Draft given its first reading and assigned for second reading later in today's session.

Ought to Pass in New Draft

Representative STEVENS from the Committee on Business and Commerce on Bill "An Act to Clarify Certain Provisions of a Publicly-held Financial Institution" (H.P. 1365) (L.D. 1929) reporting "Ought to Pass" in New Draft (H.P. 1581) (L.D. 2225)

Report was read and accepted, the New Draft given its first reading and assigned for second reading later in today's session.

Ought to Pass in New Draft

Representative RYDELL from the Committee on Business and Commerce on Bill "An Act to Insure Fair Practices in the Sale of Health Insurance Policies to Elderly Consumers" (H.P. 1245) (L.D. 1755) reporting "Ought to Pass" in New Draft (H.P. 1582) (L.D. 2226)

Report was read and accepted, the New Draft given its first reading and assigned for second reading later in today's session.

CONSENT CALENDAR

FIRST DAY

In accordance with House Rule 49, the following items appeared on the Consent Calendar for the First Day:

(S.P. 782) (L.D. 1975) Bill "An Act to Amend Certain Provisions of the Underground Oil Storage Tank Installers and Underground Oil Storage Facilities" Committee on Audit and Program Review reporting "Ought to Pass" as amended by Committee

Amendment "A" (S-419)

(S.P. 837) (L.D. 2126) Bill "An Act Relating to the Issuance of Taxable Bonds and the Refunding of Certain Bonds" (Emergency) Committee on State Government reporting "Ought to Pass" as amended by Committee Amendment "A" (S-423)

There being no objections, the above items were ordered to appear on the Consent Calendar of later in today's session under the listing of Second Day.

CONSENT CALENDAR

SECOND DAY

In accordance with House Rule 49, the following items appeared on the Consent Calendar for the Second Day:

(S.P. 244) (L.D. 770) Bill "An Act to Adopt a State Uniform Fraudulent Transfer Act" (C. "A" S-418)

(H.P. 1312) (L.D. 1828) Bill "An Act to Establish the Lubec Port Authority" (Emergency) (C. "A" H-582)

No objections having been noted at the end of the Second Legislative Day, the Senate Paper was Passed to be Engrossed as Amended in concurrence and the House Paper was Passed to be Engrossed as Amended and sent up for concurrence.

PASSED TO BE ENGROSSED

Bill "An Act to Require Employers to Notify Employees of the Termination of Group Insurance" (H.P. 1564) (L.D. 2209)

Bill "An Act to Place in the Unclassified Service 3 Utility Accountant III Positions at the Public Utilities Commission" (H.P. 1437) (L.D. 2028)

Were reported by the Committee on Bills in the Second Reading, read the second time, Passed to be Engrossed, and sent up for concurrence.

As Amended

LATER TODAY ASSIGNED

Bill "An Act to Clarify the Rate Design Stability Responsibilities of the Public Utilities Commission" (Emergency) (S.P. 717) (L.D. 1840) (C. "A" S-417)

Was reported by the Committee on Bills in the Second Reading and read the second time.

On motion of Representative Vose of Eastport, tabled pending passage to be engrossed and later today assigned.

PASSED TO BE ENGROSSED

Resolve, to Establish a Commission to Study the Integration of the Maine State Retirement System with the Social Security System (Emergency) (S.P. 872) (L.D. 2202) (S. "A" S-420)

Was reported by the Committee on Bills in the Second Reading, read the second time and Passed to be Engrossed as Amended in concurrence.

ORDERS OF THE DAY

The following matter, in the consideration of which the House was engaged at the time of adjournment yesterday, has preference in the Orders of the Day and continues with such preference until disposed of as provided by Rule 24.

The Chair laid before the House the first matter of unfinished business:

An Act to Strip Crime of its Profit (S.P. 847) (L.D. 2139)

TABLED - March 18, 1986 (Till Later Today) by Representative DIAMOND of Bangor.

PENDING - Passage to be Enacted.

On motion of Representative Diamond of Bangor, retabled pending passage to be enacted and later today assigned.

The Chair laid before the House the first tabled and today assigned matter:

An Act to Make Changes in the Reserve Fund for Municipal Water Departments and Quasi-municipal Water Districts (S.P. 649) (L.D. 1674) (C. "A" S-394)

TABLED - March 17, 1986 by Representative VOSE of Eastport.

PENDING - Passage to be Enacted.

On motion of Representative Vose of Eastport, retabled pending passage to be enacted and specially assigned for Friday, March 21, 1986.

The Chair laid before the House the second tabled and today assigned matter:

An Act to Clarify the Confidentiality Provisions of the Maine Banking Code (H.P. 1532) (L.D. 2159)

TABLED - March 18, 1986 by Representative BRANNIGAN of Portland.

PENDING - Passage to be Enacted.

On motion of Representative Diamond of Bangor, retabled pending passage to be enacted and later today assigned.

The Chair laid before the House the third tabled and today assigned matter:

Bill "An Act Concerning the Allocation of Certain

Operating Costs of the Administration of the Maine Children's Trust Fund" (Emergency) (H.P. 1566) (L.D. 2211)

TABLED - March 18, 1986 by Representative DIAMOND of Bangor.

PENDING - Passage to be Engrossed.

On motion of Representative Diamond of Bangor, retabled pending passage to be engrossed and later today assigned.

(Off Record Remarks)

By unanimous consent, all matters having been acted upon requiring Senate concurrence were ordered sent forthwith to the Senate.

At this point, the Speaker appointed Representative Gwadosky of Fairfield to serve as Speaker pro tem for the afternoon session.

On motion of Representative Paul of Sanford, Recessed until four-thirty in the afternoon.

(After Recess)

The House was called to order by the Speaker pro tem.

The following items appearing on Supplement No. 1 were taken up out of order by unanimous consent:

PETITIONS, BILLS AND RESOLVES
REQUIRING REFERENCE

The following Bills were received and, upon the recommendation of the Committee on Reference of Bills, were referred to the following Committees, Ordered Printed and Sent up for Concurrence:

Agriculture

Bill "An Act to Provide Appropriate Penalties for Violations of Milk Commission Statutes and to Provide for Administrative Enforcement" (H.P. 1585) (Presented by Representative McCOLLISTER of Canton) (Submitted by the Department of Agriculture, Food and Rural Resources pursuant to Joint Rule 24)

(Ordered Printed)
Sent up for concurrence.

Judiciary

Bill "An Act Relating to the Transfer of Authority from the District Courts to the Secretary of State to Adjudicate the Commission of Traffic Infractions" (H.P. 1586) (Presented by Representative THERIAULT of Fort Kent) (Cosponsors: Senators SEWALL of Lincoln, ERWIN of Oxford and Representative PARADIS of Augusta) (Approved for introduction by a majority of the Legislative Council on March 18, 1986)

(Ordered Printed)
Sent up for concurrence.

Legal Affairs

Bill "An Act to Authorize Police Officers to Prosecute Minor Violations in the Enforcement of Municipal Ordinances" (H.P. 1587) (Presented by Representative MURPHY of Kennebunk) (Cosponsors: Senator SEWALL of Lincoln, Representatives PAUL of Sanford and DRINKWATER of Belfast) (Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27)

(Ordered Printed)
Sent up for concurrence.

REPORTS OF COMMITTEES

Unanimous Leave to Withdraw

Representative COOPER from the Committee on Judiciary on Bill "An Act Concerning the Construction and Effect of the Repeal of Acts and Ordinances" (H.P. 1408) (L.D. 1988) reporting "Leave to Withdraw"

Representative WEYMOUTH from the Committee on Utilities on Bill "An Act to Amend the Charter of the Kennebunk, Kennebunkport and Wells Water District" (Emergency) (H.P. 1237) (L.D. 1746) reporting "Leave to Withdraw"

Were placed in the Legislative Files without further action pursuant to Joint Rule 15 and sent up for concurrence.

CONSENT CALENDAR

FIRST DAY

In accordance with House Rule 49, the following item appeared on the Consent Calendar for the First Day:

(H.P. 1300) (L.D. 1816) Bill "An Act to Amend the Waterville Sewerage District Charter" Committee on Utilities reporting "Ought to Pass" as amended by Committee Amendment "A" (H-586)

(H.P. 1477) (L.D. 2079) Bill "An Act Pertaining to Snowmobile Registration" Committee on Fisheries and Wildlife reporting "Ought to Pass"

(H.P. 1452) (L.D. 2049) RESOLVE, Authorizing the Director of Parks and Recreation to Convey by Deed

the Interest of the State of Maine in a Certain Parcel of Real Property in the Town of Jackman Committee on State Government reporting "Ought to Pass" as amended by Committee Amendment "A" (H-588)

There being no objections, the above items were ordered to appear on the Consent Calendar of Thursday, March 20, 1986 under the listing of Second Day.

CONSENT CALENDAR

SECOND DAY

In accordance with House Rule 49, the following items appeared on the Consent Calendar for the Second Day:

(S.P. 782) (L.D. 1975) Bill "An Act to Amend Certain Provisions of the Underground Oil Storage Tank Installers and Underground Oil Storage Facilities" (C. "A" S-419)

(S.P. 837) (L.D. 2126) Bill "An Act Relating to the Issuance of Taxable Bonds and the Refunding of Certain Bonds" (Emergency) (C. "A" 423)

No objections having been noted at the end of the Second Legislative Day, the Senate Papers were Passed to be Engrossed as Amended in concurrence.

PASSED TO BE ENGROSSED

RESOLVE, Reimbursing Certain Municipalities on Account of Taxes Lost Due to Lands being Classified under the Maine Tree Growth Tax Law (Emergency) (S.P. 881) (L.D. 2216)

Bill "An Act to Amend Maine's Abandoned Property Law" (H.P. 1577) (L.D. 2224)

Bill "An Act to Clarify Certain Provisions of a Publicly-held Financial Institution" (H.P. 1581) (L.D. 2225)

Bill "An Act to Insure Fair Practices in the Sale of Health Insurance Policies to Elderly Consumers" (H.P. 1582) (L.D. 2226)

Were reported by the Committee on Bills in the Second Reading, read the second time, the Senate Paper was Passed to be Engrossed in concurrence and the House Papers were Passed to be Engrossed and sent up for concurrence.

PASSED TO BE ENACTED

An Act to Protect the Confidentiality of Certain Utility Employee Records (S.P. 784) (L.D. 1969)

An Act to Eliminate Exemptions from Jury Service (H.P. 1531) (L.D. 2158) (H. "A" H-581)

Were reported by the Committee on Engrossed Bills as truly and strictly engrossed, passed to be

enacted, signed by the Speaker and sent to the Senate.

The following items appearing on Supplement No. 2 were taken up out of order by unanimous consent:

REPORTS OF COMMITTEES

Unanimous Leave to Withdraw

Representative MARTIN from the Committee on Business and Commerce on Bill "An Act to Promote Fairness for Home Buyers" (H.P. 1391) (L.D. 1962) reporting "Leave to Withdraw"

Was placed in the Legislative Files without further action pursuant to Joint Rule 15 and sent up for concurrence.

CONSENT CALENDAR

FIRST DAY

In accordance with House Rule 49, the following items appeared on the Consent Calendar for the First Day:

(H.P. 1500) (L.D. 2113) Bill "An Act Regarding Family Housing" Committee on Legal Affairs reporting "Ought to Pass" as amended by Committee Amendment "A" (H-589)

There being no objections, the above item was ordered to appear on the Consent Calendar of Thursday, March 20, 1986 under the listing of Second Day.

The following item appearing on Supplement No. 1 was taken up out of order by unanimous consent:

PAPER FROM THE SENATE

Divided Report

Majority Report of the Committee on Business and Commerce reporting "Ought to Pass" as amended by Committee Amendment "A" (S-422) on Bill "An Act to Amend Financial Reporting Requirements of Insurers" (S.P. 754) (L.D. 1918)

Signed:

Senators: SEWALL of Lincoln
BUSTIN of Kennebec
KERRY of York

Representatives: ARMSTRONG of Wilton
TELOW of Lewiston
HILLOCK of Gorham
STEVENS of Bangor
RYDELL of Brunswick
BAKER of Orrington
MURRAY of Bangor
BRANNIGAN of Portland
MARTIN of Van Buren

Minority Report of the same Committee reporting "Ought Not to Pass" on same Bill.

Signed:

Representative: ALIBERTI of Lewiston

Came from the Senate with the Majority "Ought to Pass" as amended Report read and accepted and the Bill passed to be engrossed as amended by Committee Amendment "A" (S-422).

Reports were read.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Bangor, Representative Murray.

Representative MURRAY: Mr. Speaker, Men and Women of the House: I move acceptance of the Majority "Ought to Pass" Report.

This bill is a bill dealing with certain requirements of an auditor that had audited an insurance company. Basically, the bill is meant to provide a tool to the Bureau of Insurance to protect against the potential of insolvency among insurance companies that are licensed in the State of Maine.

What the amended bill requires is, if after it is discovered by the auditor that there has been either material or substantial changes within the company that has been audited because of a particular change in conditions, the auditor, as required by this bill, would have to report that change to both the board of directors of the company he has audited and also to Superintendent of the Bureau of Insurance. This, as I said earlier, is basically meant to be a safeguard for the possibility of insurance companies that are in trouble or are potentially in trouble so the Bureau of Insurance can stay on top of these changes as quickly as possible. You are all familiar with the fact that the insurance industry at the present time is in a very volatile stage and it is important for those regulators, in each of the individual states, to have the ability to respond to changes as quickly as possible.

The change that is called for in the bill, I would add, is similar to some of the SEC requirements for other publicly traded companies that are not necessarily insurance companies. I don't believe it is anymore onerous than that type of requirement, it is simply meant for us, as regulators, to stay on top of the issue and also for the companies themselves to be made aware of any changes as quickly as possible.

There was a lot of thought given to this bill. I hope you would support the Majority "Ought to Pass" position.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Lewiston, Representative Aliberti.

Representative ALIBERTI: Mr. Speaker, Men and Women of the House: My testimony here today is based on simply what I heard in testimony before the committee, written and otherwise. In L.D. 1918, this is a do nothing bill and has little or nothing to do, especially as amended. The heart of the bill was amended out for the second time. There is no need to legislate this bill.

L.D. 1918 constitutes an unreasonable intrusion into the independent contractual relationships between insurance companies and their independent certified public accountants.

It must be noted that this issue was dealt with

in May of 1985 before the Committee on Business and Commerce and it resulted in L.D. 1935, An "Act Relating to Financial Regulations of Insurance Companies." Sections 5 and 6 of L.D. 1535 set forth in essence, what is now L.D. 1918. Section 6 of L.D. 1535, dealing with work papers of CPA's, is reprinted almost verbatim in section 9 of L.D. 1918. That section has now been amended out of the bill. Chapter 330, now 24A MRSA, 221a, requires the following: an annual audit of insurance by independent CPA's to be followed by an audited financial report. The audited financial report must include at a minimum a balance sheet, statement of loss or gain from operations, statement of change in financial position, statement of change in capital paid-up, gross paid-in and contributed surplus, and unassigned funds, surplus funds, and notes to financial statements. This statement must also include the CPA's evaluation of internal controls and the CPA's letter attesting to his qualifications and licensure.

A second concern with the legislation is that it forces an independent professional, the CPA, to advise a regulatory agency regarding the confidential internal records, procedures, and business operations of his client. In essence, the CPA is turned into an arm of the state to act as a sheriff, a whistle-blowing sheriff. This is a far reaching intrusion into heretofore private business relations.

For instance, if L.D. 1918 is enacted, perhaps the next step would be to require the attorneys representing the insurance companies, as a matter of law disclosure, sensitive information regarding their clients, under such circumstances as the bureau or some other regulatory agency may deem appropriate. The next step would be to have such reporting requirements for other than regulated businesses and so on.

In summary, because of the deep intrusion into private contractual relationships, and in light of recent legislation enacted in the 112th Legislature, which has not as yet been observed in practice, I oppose L.D. 1918 and I ask that this bill and all its accompanying papers be indefinitely postponed.

I honestly feel that this is a big brother bill. I did some ground work on this, I contacted all the responsible agencies, the people involved. I honestly cannot see, in good conscience, how we can do this. You will notice my being the only one on that bill but you taught me a lesson last year. I came before this legislature with a Unanimous "Ought to Pass" bill -- unanimous out of committee, and it was defeated. So you taught me a lesson that, where there's a will, there's a way, and I honestly ask you to support this indefinite postponement and prove that we can regulate and administrate without legislating.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Bangor, Representative Murray.

Representative MURRAY: Mr. Speaker, Men and Women of the House: I would just like to address a couple of the points the good gentleman from Lewiston raised. First of all, he is right, there are requirements for annual audits right now that are extensive. They are a very important part of the Bureau of Insurance's duties in keeping a regulatory eye on the solvency of all the insurance companies that are licensed to do business in the state.

The bill deals specifically with material changes or misstatements that occurred in the process of that

auditing report, or after, in fact, that auditing report was finished. It could be disastrous if, for example, an audit that has apparently been completed, is submitted to the bureau and it is submitted under false or misstatements that not are accurate or under changes in the condition of that company which are not reflected in that audit.

This particular bill is meant to deal with those particular types of situations where we have a change in the circumstances.

Representative Aliberti mentioned the fact that this was part of a bill we dealt with last year. The committee took this section out of the bill last year, that is correct. As I mentioned earlier, and all of us recognize that the situation in the insurance industry is incredibly volatile, changes are occurring in terms of weeks, not years. Since the insurance industry is regulated state by state, it is crucial in our state that the Bureau of Insurance have the tools necessary to do the job that is required of them.

I would repeat that these type of requirements are similar to requirements already imposed on publicly traded companies by the SEC, Securities and Exchange Commission. They are no more onerous than that. There are similar provisions already in place in other states, in states that have far more insurance companies than we do, that are licensed to do business there. Apparently, it has not been a problem there.

There were no auditing companies that testified that they were opposed to this bill or found it onerous. I just feel that it is a bill that provides a regulatory tool that is necessary if the Bureau of Insurance is going to continue to do a valid job in making sure the insurance companies are solvent and continue to do business.

I hope you would oppose the motion to indefinitely postpone so that we can accept the Majority Report.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Dover-Foxcroft, Representative Law.

Representative LAW: Mr. Speaker, Men and Women of the House: I would like to pose a question through the Chair. Under existing rules, has any insurance been hurt, or hurt any insurance in the state?

The SPEAKER PRO TEM: The Representative from Dover-Foxcroft, Representative Law, has posed a question through the Chair to anyone who may care to respond.

The SPEAKER: The Chair recognizes the Representative from Lewiston, Representative Aliberti.

Representative ALIBERTI: Mr. Speaker, Men and Women of the House: If I understand your question, you're asking if any insurance firms have been affected by the intended legislation? I don't understand your question.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Dover-Foxcroft, Representative Law.

Representative LAW: Mr. Speaker, Men and Women of the House: It was said that we have extensive rules right now and I am wondering, have they proved to be inadequate -- the existing rules?

The SPEAKER PRO TEM: The Representative from Dover-Foxcroft, Representative Law, has posed a question through the Chair to anyone who may care to respond.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Bangor, Representative Murray.

Representative MURRAY: Mr. Speaker, Men and Women of the House: In response, this is meant to be a preventative piece of legislation. Obviously, we don't want to be in a position where the Bureau of Insurance has to respond to a company that has already gone belly up. We were told the other day there are several companies that are in a position where things are not so rosey, to put it mildly. It is important for the Bureau of Insurance to know these things as soon as possible because these are the insurance companies that have clients in the State of Maine. For example, we were told the other day of one company that has clients in the State of Maine -- they haven't gone insolvent or bankrupt yet but it is important for us to know as quickly as possible so the bureau can respond to it.

So in answering your question, there are companies that are in trouble out there and this is just a tool aimed to help the Bureau of Insurance.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Lewiston, Representative Aliberti.

Representative ALIBERTI: Mr. Speaker, Men and Women of the House: I indicated that my reaction is totally from what I heard in testimony before the committee and also through doing some investigatory work on my own. We have a professional bureau of auditors that police their own profession. They certainly would be the first ones to identify any unethical practice by an auditor.

Secondly, how do you know it's not so rosey? I'll tell you of one instance that occurred, and my good friend from Bangor, Representative Murray, indicated that things are not so rosey, there is something happening there, how do you know this? You know it through the reports that go to the bureau.

This bill was first presented because of a situation in Franklin County. The bureau knew of that situation months in advance and could have acted. I maintain there is enough in place right now. In testimony, we had representatives from the American Insurance Association, the same representative representing the National Association of Independent Insurers, so there were people that were representing the cause of the auditors at those hearings.

I do not intend to speak again. I have made my point and, as Representative Brown just said -- good -- I agree with her.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Lewiston, Representative Telow.

Representative TELOW: Mr. Speaker, Men and Women of the House: I request a division.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Biddeford, Representative Racine.

Representative RACINE: Mr. Speaker, Men and Women of the House: I would like to pose a question through the Chair. We have a lot of problems in the banking industry about banks going under -- do we have the same safeguards in the banking laws that you people are proposing today that we institute for the insurance, and if not, why don't we have those safeguards if they are that important?

The SPEAKER PRO TEM: The Representative from Biddeford, Representative Racine, has posed a question through the Chair to anyone who may care to respond.

The Chair recognizes the Representative from Bangor, Representative Murray.

Representative MURRAY: Mr. Speaker, Men and Women of the House: I don't know for sure whether the State of Maine's Bureau of Banking has a similar type of a rule or law that they work under but it is important to distinguish the fact the banking industry is not regulated by the state solely. The insurance industry is regulated state by state, and that is the only regulation, there is no national regulation of the industry. The banking industry is very different, the banking industry is regulated by several different federal agencies which have different authorities and different powers, plus, the Bureau of Banking has certain auditing requirements as well. So it's not really easy to compare the two industries as far as their rule making authority. I don't know exactly what the Bureau of Banking's is.

The SPEAKER PRO TEM: The pending question before the House is the motion of the Representative from Lewiston, Representative Aliberti, that L.D. 1918 and all its accompanying papers be indefinitely postponed. Those in favor will vote yes; those opposed will vote no.

A vote of the House was taken.

27 having voted in the affirmative and 57 in the negative, the motion did not prevail.

Subsequently, the Majority "Ought to Pass" Report was accepted and the bill was read once.

Committee Amendment "A" (S-422) was read and adopted and the Bill assigned for second reading tomorrow.

The Chair laid before the House the following matter: Bill "An Act Concerning the Allocation of Certain Operating Costs of the Administration of the Maine Children's Trust Fund" (Emergency) (H.P. 1566) (L.D. 2211) which was tabled earlier in the day and later today assigned pending passage to be engrossed.

Representative Bost of Orono offered House Amendment "A" (H-585) and moved its adoption.

House Amendment "A" (H-585) was read by the Clerk and adopted.

The bill was passed to be engrossed as amended by House Amendment "A" and sent up for concurrence.

(Off Record Remarks)

On motion of Representative Walker of Norway,
Adjourned until March 20, 1985 at nine o'clock in the morning..
