

MAINE STATE LEGISLATURE

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STATE OF MAINE
ONE HUNDRED AND THIRTEENTH LEGISLATURE
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE ON
BANKING AND INSURANCE
BILL SUMMARY



JUNE 1987

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JOINT STANDING COMMITTEE
BILL SUMMARIES
JUNE 1987

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The summaries are arranged by LD number under each committee.

All Adopted Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor if it is a floor amendment or the designation "COMMITTEE" if it is a committee amendment.

Final action for each bill is listed to the right of the title. If final House action and Senate action differ, both are listed.

Please let us know if you would prefer a different format or additional information and if the summaries are helpful.

Key to Committee Reports and Floor Action:

OTP	Ought to Pass
OTP-ND	Ought to Pass in New Draft
OTP-ND-NT	Ought to Pass in New Draft, New Title
OTP-A	Ought to Pass as Amended
ONTP	Ought Not to Pass
LVWD	Leave to Withdraw
INDEF PP	Indefinitely Postponed

LD AN ACT TO ESTABLISH AN INSURANCE COMMISSION
1556

CARRY-OVER

Sponsor: MARTIN, J., Rydell, Theriault, Bustin
Committee Report: CARRY-OVER

SUMMARY: This bill establishes a 3-member Insurance Commission which would replace the Superintendent of Insurance. This bill is the subject of an interim study.

LD AN ACT TO AMEND THE MAINE PRODUCE LIABILITY
1559 RISK RETENTION ACT

ND LD 1858

Sponsor: BRANNIGAN, Collins, Davis, Erwin, P.
Committee Report: OTP-ND LD 1858

SUMMARY: See New Draft, LD 1858.

LD AN ACT TO RECODIFY THE FIRST-LIEN REAL ESTATE
1560 SECURED LENDING PROVISIONS RELATING TO NONBANKS
IN THE MAINE CONSUMER CREDIT CODE

PL 1987
c. 396

Sponsor: BRANNIGAN, Telow, Racine
Committee Report: OTP-AM
Amendments Adopted:
S-163 COMMITTEE

SUMMARY: This bill reorganizes and recodifies provisions from 4 articles of the Maine Consumer Credit Code that deal with first-lien mortgage lending by nonbanks into a new Article IX. The bill makes all loans or credit sales by nonbanks that are secured by a first mortgage on real estate subject to the Code, regardless of the interest rate. Current law exempts such mortgages from the Code if the rate is 12 1/4% or less.

Committee Amendment A (S-163) makes technical changes and substantive additions to the original bill. This amendment places mobile home loans and credit sales where no real estate is involved back under the Code because these were accidentally excluded by PL 1985, c. 763. The amendment preserves the status quo on fees to be paid by mortgage companies for loans under 12 1/4% interest. Volume fees are not required unless the disclosed interest rate exceeds 12 1/4%.

The amendment makes loans less than 12 1/4% made by creditors that are not supervised financial institutions subject to the Maine Consumer Credit Code and continues the policy of making financial institution loans less than 12

1/4% not subject to the Code as they are supervised by the Bureau of Banking. This maintains the status quo for financial institutions.

The amendment clarifies that the right to prepay a consumer credit transaction applies only to those that are alternative mortgage transactions.

LD AN ACT TO DEVELOP A MANAGED CARE INSURANCE PLAN INDEF. PP
1574 DEMONSTRATION FOR UNINSURED INDIVIDUALS AND
 REPEAL OF THE CATASTROPHIC ILLNESS PROGRAM LAW EMERGENCY

Sponsor: SIMPSON, Rydell, Baker, Lapointe
Committee Report: New Draft of LD 573

SUMMARY: The original bill (LD 573) repeals the Catastrophic Illness Program. The original bill provides funds to develop and implement a managed care health insurance program for 3,000 previously uninsured individuals, primarily non-Medicaid eligible low-income citizens, in one urban and one rural site. These funds, combined with the money, \$250,000 a year, available from the repeal of the Catastrophic Illness Program law will be used to offer a model approach for financing and delivery of health services to Maine's uninsured population.

This funding is an integral part of the department's and the University of Southern Maine's Robert Wood Johnson Foundation proposal, which received approval for funding of \$409,701 over a 3-year period in January 1987.

The new draft adds an emergency preamble and adds some other provisions to the original bill. It adds a provision to allow the Department of Human Services to keep the balance of funds in the Catastrophic Illness Program as of June 30, 1987, to pay medical bills of those persons currently in the program and for those who apply by June 30, 1987. It adds a provision to require the Demonstration to report to the Joint Standing Committee on Banking and Insurance and to the Joint Standing Committee on Human Resources of the 114th Legislature during the 3rd year of the demonstration. It adds language clarifying that the plan will not be offered to groups, individuals within groups and certain individuals that have been covered by health insurance during the past 12 months.

The bill was withdrawn from the Appropriations Table because the funding was part of the Part II Budget (LD 1867). The language of the bill was also read into the Part II Budget (pages 144-146). The language concerning eligibility of certain groups and individuals from the new draft was reworded for clarity.