

MAINE STATE LEGISLATURE

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STATE OF MAINE
113TH LEGISLATURE
SECOND REGULAR SESSION



BILL SUMMARY
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE

MAY 1988

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**ONE HUNDRED AND THIRTEENTH LEGISLATURE
FIRST & SECOND SPECIAL SESSIONS
SECOND REGULAR SESSION**

**JOINT STANDING COMMITTEE
BILL SUMMARIES
MAY 1988**

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 for floor amendments. Final action is listed to the right of the title. If final House and Senate action differ, both are listed. Committee Reports and Floor Action are indicated as follows::

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

Each individual summary was prepared by the analyst assigned, as noted for each committee. But, this document was produced by the efforts of all the office staff, including Secretaries: Charlene Brann, Janet Jean, Earl Knox, Valarie Parlin; Research Assistant Hartley Palleschi. Finally, Secretary Laurette Knox, Legal Assistant Carolyn Chick, and Research Assistant Robert Dunn had special responsibilities in the preparation of the overall document.

Please give us your suggestions and comments on these summaries and tell us of any inaccuracies.

The original bill (LD 208) allows a corporation to have a provision in the articles of incorporation which limits or eliminates the personal liability of a director to the corporation and its shareholders or to the nonprofit corporation and its members in certain circumstances. This provision may not be effective for acts or omissions which are dishonest or intentionally in violation of law or for acts which result in an improper personal benefit to the director.

The original bill also changes the standard when a corporation may indemnify directors, officers, employees or agents. Current law prohibits indemnification if a person has not acted in good faith. This bill prohibits indemnification if a person has not acted honestly. This change in standard applies both to nonprofit and for-profit corporations.

The original bill was carried over from the 1st Regular Session to the 2nd Regular Session of the 113th Legislature and was referred to the Commission to Examine Problems of Tort Litigation and Liability Insurance of Maine for their consideration.

The new draft deletes all portions of the original bill which relate to nonprofit corporations. It replaces the provision in the original bill allowing corporations to give immunity to directors with a new provision that states the liability of directors according to the business judgment rule. The new draft keeps the indemnification provisions from the original bill that apply to for-profit corporations.

Senate Amendment A (S-348) makes technical changes to make the language of the bill gender-neutral.

LD	An Act to Authorize the Maine Self-Insurance Guaranty	PUBLIC
2556	Association to Act as a Statistical Advisory Organization	716
		EMERGENCY

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
THERIAULT RYDELL	OTP-AM	S-397

SUMMARY

This bill allows the Maine Self-Insurance Guarantee Association (39 MRSA §23-A) to collect statistics from self-insurers. It allows the association to adopt a plan to distribute the reasonable and necessary costs of performing the data collection and reporting functions among members and nonmembers.

The Committee Amendment (S-397) adds two provisions to the bill. One provision moves the date for determining losses in the residual market in workers' compensation insurance from February 15th to March 15th. The other moves the date for applying surcharges from November 15th to March 15th.