

# MAINE STATE LEGISLATURE

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**STATE OF MAINE  
114TH LEGISLATURE  
FIRST REGULAR SESSION**



**BILL SUMMARY  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE**

**JULY 1989**

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ONE HUNDRED AND FOURTEENTH LEGISLATURE  
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE  
BILL SUMMARIES  
AUGUST 1989

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 for 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 abbreviated 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 Research Assistant Barbara McGinn, and secretaries: Charlene Brann, and Valarie Parlin, and especially Laurette Knox who coordinated preparation of the overall document.

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

LD 137 An Act to Provide Civil Penalties for Certain Unfair Trade Practices by Insurers

LV/WD

SPONSOR(S)  
BERUBE

COMMITTEE REPORT  
LV/WD

AMENDMENTS ADOPTED

SUMMARY

The bill authorizes the Superintendent of Insurance to assess monetary penalties against persons who violate provisions of the Maine Insurance Code (24-A MRSA, c.23) which deals with unfair trade practices and fraud. The penalties could be imposed only after a hearing, and would be in addition to desist orders.

LD 186 An Act to Amend the Continuing Care Retirement Law

PUBLIC 343

SPONSOR(S)  
COLLINS  
THERIAULT  
ALLEN  
MARSANO

COMMITTEE REPORT  
OTP-AM

AMENDMENTS ADOPTED  
S-163

SUMMARY

The bill amends the statute relating to continuing care retirement communities (CCRC's) by establishing explicit reserve standards, requiring additional information in applications for preliminary certificates of authority, requiring additional safeguards before a final certificate of authority is granted, establishing guidelines for escrow agreements, and permitting the use or release of a portion of the escrowed entrance fees for the purchase or construction of a facility earlier than permitted under current law.

Under current law, deposits collected from prospective subscribers by providers of a CCRC before the CCRC is "operational" must be held in escrow until the facility is operational. A facility is operational when it has obtained a final certificate of authority, and 60 percent of the units are occupied. The bill changes the definition of an operational CCRC, by increasing the number of units which must be occupied to 70 percent, and requiring that all relevant health, safety and building codes, rules and regulations be satisfied. The bill also permits a pledge of 25% of the escrowed fees as security for construction or purchase of a facility before the CCRC is operational, if certain conditions set forth in the bill are met.

The committee amendment (S-163) decreases the percent of units that must be occupied before a CCRC is operational from 70 percent to 65 percent, reduces the reserve standards for operating costs, and sunsets the bill five years from its effective date.

LD 188 An Act Relating to Workers' Compensation Insurance

PUBLIC 423

SPONSOR(S)  
COLLINS  
THERIAULT

COMMITTEE REPORT  
OTP-AM

AMENDMENTS ADOPTED  
S-264

SUMMARY

The bill amends the statute setting forth the type of information required in a workers' compensation rate filing, and changes the data reporting requirements for workers' compensation insurers and medical providers. For purposes of committee work, the bill was split in two: the rate filing portion remained in LD 188; the data reporting sections were considered along with LD 1040.

The bill repeals the current list of information to be filed in workers' compensation rate filing and sets forth a new list including data on premiums, losses, and information regarding trends, expense loading, and law change evaluations. The bill also requires filings relating to both the voluntary and residual markets to explain the rate differential between the voluntary market, safety pool and accident prevention accounts, and specifies the years for which certain data must be filed.

The committee amendment (S-264) clarifies the section requiring information on investment income, and strikes the sections of the bill relating to data collection. See LD 1040 for data collection amendments.

**LD 191      An Act to Require Dependency Information in Credit Card  
Applications by Students**

**LV/WD**

SPONSOR(S)

COMMITTEE REPORT

AMENDMENTS ADOPTED

DORE  
HOGLUND  
THERIAULT  
BREWER

LV/WD

SUMMARY

This bill would prohibit issuance of any credit card to a dependent student unless the person on whom the student is dependent co-signs the application. Any card issued in violation of this requirement is void.

**LD 254      An Act to Amend the Revised Maine Securities Act and Related  
Statutes**

**PUBLIC 542**

SPONSOR(S)

COMMITTEE REPORT

AMENDMENTS ADOPTED

CURRAN  
BRANNIGAN  
RYDELL  
FOSS

OTP-AM

H-275    TAMMARO

SUMMARY

This bill would transfer responsibility for administration and enforcement of the Revised Maine Securities Act, the Maine Commodity Code, and the law regulating the sale of business opportunities from the Superintendent of Banking to the Securities Administrator.

The bill increases the initial licensing fee for sales representatives from \$25 to \$30, and the annual renewal fees for broker-dealers from \$75 to \$100 and for sales representatives from \$15 to \$30. Initial fees would remain at \$100 for broker-dealers, \$50 for branch offices, and \$50 for investment advisers. Renewal fees remain at \$30 for branch offices and \$35 for investment advisers.

The bill also clarifies that, in the event of violation of the securities laws, the Attorney General may bring action for restitution to investors wishing restitution in addition to the other forms of relief provided by law.

The Administrator is authorized to appoint hearing officers.

Finally, the bill grants the Superintendent of Banking the power to conduct hearings and issue final orders in place of the Securities Administrator if the Administrator is unable to do so due to conflict between investigative and judicial roles.