

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.

An Act to Harmonize the Adjustable Rate Transaction Requirements of the Maine Consumer Credit Code with the Federal Truth-in-Lending Act and to Repeal Sunrise Provisions

SPONSOR(S)
CURRAN
THERIAULT
DILLENBACK
ALLEN

COMMITTEE REPORT
OTP-AM

AMENDMENTS ADOPTED
H-560

SUMMARY

In 1987, two provisions of the Maine Consumer Credit Code were repealed on a trial basis but scheduled to come back into effect in 1989. One allowed only 60 day's worth of interest to be included in a re-written loan, and the second limited to 1% any increase in interest rate for a re-written loan. The bill eliminates the provisions permanently.

Consumers applying for adjustable rate mortgages are entitled under state and federal law to disclosures of loan terms, the loan rate index, and the effects of index changes on their monthly payments. Changes to Federal Regulation Z have strengthened those disclosure requirements. The bill conforms the State requirements with those of the federal government, and also standardizes the requirements of the Bureau of Consumer Credit and the Bureau of Banking.

The bill also changes a reference to "annual percentage rate" to "interest rate" to address the many transactions in which the varying rate involves only the simple interest component of financial charges.

CA (H-560) The new federal regulations are based on a disclosure keyed to a sample sum, such as \$10,000. This amendment also allows the consumer to request a transaction-specific disclosure: a hypothetical example showing the payment if the rate increased to its maximum allowable periodic limit. As under current law, the disclosure would be provided to the consumer before credit is extended, but notice of its availability would be included with the loan application. The amendment also changes the effective date of the bill to Nov 7, 1989, to coincide with the effective date of mandatory compliance with the new Federal Reserve Truth in Lending regulations (FR 54, 110 June 9, 1989).

LD 859 An Act Relating to Optometric Services

SPONSOR(S)
BALDACCI
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COMMITTEE REPORT
LV/WD

AMENDMENTS ADOPTED

SUMMARY

The purpose of the bill is to require that health maintenance organizations offer coverage for services performed by optometrists to the same extent as it offers coverage for the same services performed by physicians, provided the optometrist is licensed to perform the service. The bill would require an amendment to accomplish that purpose, however, since it is drafted to amend a section of statute that does not clearly apply to health maintenance organizations. Health maintenance organizations are not currently subject to any mandated benefits provisions.

The committee intends to request that the Mandated Benefits Advisory Commission study this issue as part of its duties under LD 758. See LD 758.