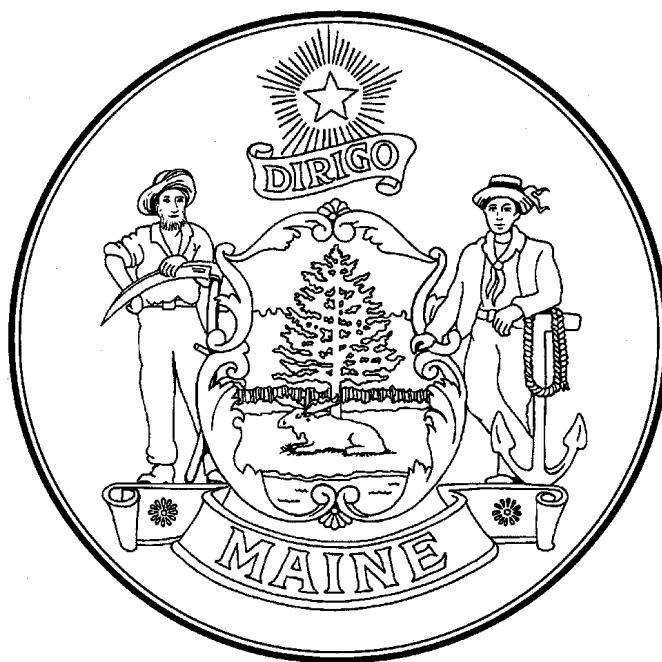


MAINE STATE LEGISLATURE

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



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

JUNE 1990

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Sen. Beverly Miner Bustin
Sen. Donald F. Collins**

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**One Hundred and Fourteenth Legislature
Second Regular Session**

**Joint Standing Committee
Bill Summaries**

June 1990

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. Committee Reports and Floor Action are abbreviated as follows:

OTP
OTP-ND
OTP-ND-NT
OTP-A
ONTP
LVWD
INDEF PP

Ought to Pass
Ought to Pass in New Draft
Ought to Pass in New Draft, New Title
Ought to Pass as Amended
Ought Not to Pass
Leave to Withdraw
Indefinitely Postponed

Each individual summary was prepared by the analyst or analysts assigned to the committee. But, this document was produced by the efforts of all the office staff, including secretaries: Charlene Raymond, 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.

Joint Standing Committee on Banking and Insurance

LD 1320

An Act to Create a State Fund to Provide Workers' Compensation Insurance Coverage to Employers

LV/WD

SPONSOR(S)

MARTIN J
MCHENRY
RYDELL
DUTREMBLE D

COMMITTEE REPORT

LV/WD

AMENDMENTS ADOPTED

SUMMARY

This bill, carried over from the 1st Regular Session, would have created a competitive state fund to provide workers' compensation insurance to Maine employers. During the interim between the 1st and 2nd Regular Sessions, a subcommittee of the Banking & Insurance Committee studied the feasibility of creating a state fund to insure workers' compensation, and produced a second bill creating a state fund, LD 2203. LD1320 was given leave to withdraw, and the committee used LD 2203 as a vehicle for discussing the formation of a state fund. •

LD 1741

An Act to Authorize Mortgagees to Require Property Insurance Provided by Insurers Which Meet Standards Established by Federal Mortgage Loan Corporations

LV/WD

SPONSOR(S)

NADEAU G G

COMMITTEE REPORT

LV/WD

AMENDMENTS ADOPTED

SUMMARY

Carried over from the First Regular Session. Current law prohibits mortgage lenders from requiring borrowers to use particular insurers, but allows nondiscriminatory criteria, such as solvency and ability to provide service.

The Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Association (Freddie Mac), and the Maine State Housing Authority require that any loans which they purchase be insured by insurers which meet the "B-III" standards of the A.M. Best Company. The Superintendent of Insurance found this to be discriminatory. The bill would authorize use of a nationally recognized rating service such as A.M.Best.

The bill was withdrawn after the Superior Court vacated the Superintendent's decision and Freddie Mac agreed to accept insurers rated "A" by another rating service.

LD 1743

An Act to Modernize the Merger Provisions Relating to Domestic Stock Insurers

**PUBLIC 611
EMERGENCY**

SPONSOR(S)

HOBBINS

COMMITTEE REPORT

OTP-AM

AMENDMENTS ADOPTED

S-470

SUMMARY

With the Committee Amendment (S-470) the bill clarifies that a domestic stock insurer may merge with another insurer whether or not they are actually authorized to transact insurance, if they have the necessary capital and surplus. It also establishes regulatory requirements for insurers following a merger or consolidation.