

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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**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	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 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.

foreign reinsurers, under reinsurance agreements subject to the Superintendent's approval. In addition, the amendment would have required these domestic insurers to provide certain information to the Superintendent of Insurance, no less often than annually.

The Conference Committee Amendment (S-689) replaces the bill and requires the Superintendent of Insurance to review the requirements for obtaining a certificate of authority to determine whether any less stringent requirements would be appropriate for captive insurers described in the amendment. The Superintendent will report his findings and recommendations to the Legislature by September 1, 1990.

LD 1862 An Act Relating to Returned Check Charges LV/WD

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
CURRAN TARDY MAYO DONALD	LV/WD	

SUMMARY

The bill would have repealed the present law which limits to \$2 per check the amount a financial institution may charge a depositor if a check deposited to the depositor's account is returned by the institution on which it was drawn for insufficient funds. There is no limit on the charge that can be made against the account of the person on whose account the check was drawn, and if the check is deposited in the same bank on which it was drawn, only the originator's account may be charged.

The bill was withdrawn, in view of the July 1, 1991, sunset of the present law.

LD 1873 An Act to Require Effective Notification of Cancellation to ONTP
Insurance Policyholders

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
JOSEPH KANY BRANNIGAN HANDY	ONTP	

SUMMARY

Under present law, notice of cancellation of an auto insurance policy must be provided by the insurance company to the insured within certain time limits. A post office certificate of mailing is proof of receipt of the notice on the 5th calendar day after mailing. The bill would have required that notice to be sent return receipt requested, and would have permitted insurers to use the returned receipt as conclusive proof that the insured received the notice.

LD 1887 An Act to Amend the Mutual Holding Company Law LV/WD

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
COLLINS CURRAN	LV/WD	

SUMMARY

Present law authorizes a mutual financial institution to reorganize into a mutual holding company by

creating a subsidiary savings bank or savings and loan association wholly owned by the mutual holding company. The bill would have allowed a minority interest in the subsidiary savings institution to be owned by a person other than the mutual holding company.

LD 1939 **An Act to Amend the Guaranty Association Law to Provide a
More Equitable Special Assessment**

**PUBLIC 641
EMERGENCY**

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
RYDELL THERIAULT COLLINS DONALD	OTP	

SUMMARY

This bill amends the circuit breaker provision of the law governing assessments by the Maine Insurance Guaranty Association. The circuit breaker provision limits the special assessment imposed on certain insurers to 5% of net income. Under current law, insurers with high premium-to-surplus ratios or small net income qualify for the circuit breaker. This bill extends that circuit breaker to member insurers who have a very small policyholder base, fewer than 3000 policyholders.

LD 1977 **An Act to Extend and Amend the Authorization for the Maine
High-Risk Insurance Organization**

INDEF PP

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
RYDELL MARTIN J DONALD KANY	OTP-AM	H-980

SUMMARY

The Maine High-Risk Insurance Organization was established in 1987 to provide health insurance for persons unable to obtain health insurance for medical reasons. A general fund appropriation was provided to subsidize premiums for low income enrollees.

With the Committee Amendment (H-980), the bill delays the sunset of the program from June 30, 1991 to June 30, 1992, and increases the number of persons who may participate in the program from 300 to 600. The amendment deleted provisions which would have: removed a requirement for co-insurance and deductibles; removed limits on premium subsidy; and increased flexibility in calculating premiums. The amendment also appropriates \$6250 for the rest of FY 90 and \$25,000 for FY 91 to cover the low-income premium subsidy for the additional persons.

The bill was indefinitely postponed from the appropriations table but was included as Part H of the Supplemental Appropriations Bill, LD 2503, PL 875, with the appropriation reduced to \$6,000 (FY90) and \$19,000 (FY 91).