

MAINE STATE LEGISLATURE

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**STATE OF MAINE
115TH LEGISLATURE**

**FIRST REGULAR SESSION
AND
FIRST SPECIAL SESSION**

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

AUGUST 1991

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**ONE HUNDRED AND FIFTEENTH LEGISLATURE
FIRST REGULAR SESSION
AND
FIRST SPECIAL SESSION
JOINT STANDING COMMITTEE
BILL SUMMARIES
AUGUST 1991**

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 volume is organized alphabetically by committee; within each committee, the summaries are arranged by LD number. A subject index is provided at the beginning of each committee's summaries.

All adopted amendments are listed, by paper number (e.g., H - 584 or S - 222), together with the sponsor for floor amendments. Final action on each bill is listed to the right of the title. Various types of final action are abbreviated as follows:

PUBLIC XXX	<i>Chapter # of enacted Public Law</i>
P&S XXX	<i>Chapter # of enacted Private & Special Law</i>
RESOLVE XXX	<i>Chapter # of enacted Resolve</i>
CON RES XXX	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
EMERGENCY	<i>Enacted law takes effect sooner than 90 days</i>
CARRIED OVER	<i>Bill carried over to 2nd Session</i>
FAILED EMERGENCY ENACTMENT	<i>Bill failed to get 2/3 vote</i>
ONTP	<i>Ought Not to Pass report accepted</i>
LVWD	<i>Leave to Withdraw report accepted</i>
INDEF PP	<i>Bill Indefinitely Postponed</i>
DIED BETWEEN BODIES	<i>House & Senate disagree; bill died</i>
VETO SUSTAINED	<i>Legislature failed to override Governor's Veto</i>
UNSIGNED	<i>Not signed by Governor within 10 days</i>
DIED ON ADJOURNMENT	<i>Action incomplete when 1st session ended</i>

These summaries were 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.

If you have any suggestions or comments on these summaries, please let us know.

SPONSOR(S)
 COLLINS
 BRANNIGAN
 MITCHELL E
 GARLAND

COMMITTEE REPORT
 OTP-AM

AMENDMENTS ADOPTED
 S-55

SUMMARY

The purpose of this bill is to provide the Superintendent of Banking with the flexibility to take expeditious and appropriate regulatory action to address the current economic conditions existing in this State and throughout the nation.

The bill provides for chartering a stock financial institution on an expedited basis only in conjunction with an emergency merger or acquisition of a financial institution pursuant to the Maine Revised Statutes, Title 9-B, section 354-A or 355-A in the resolution of a problem bank situation.

The bill makes a technical change to permit a federally chartered savings bank to convert to a state-chartered savings bank using the same procedure that allows a federally chartered savings and loan association to convert to a state-chartered savings bank.

The bill changes the law that authorizes the expedited acquisition of a financial institution to permit an individual or group of individuals to acquire a troubled financial institution or financial institution holding company.

The bill repeals the current capital requirements for savings banks, savings and loan associations and trust companies and replaces them with a provision that authorizes the superintendent to establish minimum capital standards through rulemaking. All financial institutions must now meet stringent capital standards established by federal insuring agencies. The bill requires that rulemaking establish state levels at least equal to minimum federal levels. The bill also provides for a waiver of minimum capital levels if the superintendent determines that such action is necessary or appropriate in light of the particular circumstances of the financial institution.

The bill repeals the current legal lending limits for savings banks, trust companies and savings and loan associations, and replaces them with legislation that consistently governs this activity in all financial institutions. This provision is substantially similar to that which establishes the legal lending limit for federally chartered financial institutions.

The bill makes technical changes in several sections of the law containing cross references to the revised statute governing legal lending limits.

Committee Amendment "A" (S-55) makes a number of additions to the bill. It adds provisions that change the laws governing the proceedings concerning conservation or liquidation of an insolvent financial institution. The current statute governing liquidation of insolvent institutions predates Maine's law requiring federal insurance of accounts and does not adequately recognize the Federal Deposit Insurance Corporation's responsibility under federal law to serve as receiver of insolvent financial institutions. This amendment establishes procedures governing declaration of insolvency and appointment of receivers consistent with federal law and facilitates a smooth transition in the event of a bank failure. The amendment clarifies that the capital levels established for state-chartered financial institutions may be no less stringent than those for federally chartered institutions with similar charters. The amendment also defines the term "person" consistent with the general definition in the Maine Revised Statutes, Title 9-B, section 131, subsection 30. The amendment changes the provision concerning liability for

making unlawful loans to exclude individuals who are incidentally involved in the preparation of documents or title work relating to a loan. The amendment adds a fiscal note, showing that all costs will be absorbed by the Bureau of Banking.

LD 516 An Act to Include Smokers in Rehabilitation Treatment Insurance Coverage CARRIED OVER

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
HALE TOWNSEND GEAN BRANNIGAN		

SUMMARY

This bill includes treatment for smokers in the health insurance provisions on treatment for alcoholism and drug dependency.

LD 517 An Act Concerning the Payment of Interest on Mandatory Escrow Balances PUBLIC 118

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
RYDELL BRANNIGAN KANY TRACY	OTP-AM	H-104

SUMMARY

This bill requires that mortgage notes contain provisions for the payment of interest on any mandatory escrow accounts for owner-occupied residential property of not more than 4 units. Current law requires that interest be paid by state-chartered financial institutions and licensed mortgage companies. This bill extends coverage to federally-chartered financial institutions and will protect Maine citizens when their loans are sold on the secondary mortgage market.

Committee Amendment "A" (H-104) requires that provisions for payment of interest on an escrow account be contained in the mortgage deed and adds an applicability date of January 1, 1992. It also changes the language in the mortgage deed laws to gender-neutral language.

LD 582 An Act to Amend the Insurance Law Relating to the Type of Coverage Provided by Insurance Carriers ONTP

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
PRAY DUTREMBLE D MARTIN J RYDELL	ONTP	

SUMMARY

This bill requires insurers that offer a line of insurance in any other state to offer that same line of insurance in this State. In addition, this bill requires insurers who intend to withdraw from any insurance market in Maine to provide 18 months' notice to the Superintendent of Insurance.