

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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Jane Orbeton, Legislative Analyst

*Office of Policy and Legal Analysis
Room 101, State House Station 13
Augusta, ME 04333
(207) 289-1670*

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BRET A. PRESTON, RES. ASST.

STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

**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)	COMMITTEE REPORT	AMENDMENTS ADOPTED
KETOVER GARLAND RYDELL KANY	OTP-AM	H-353

SUMMARY

This bill addresses a problem relating to rental cars and collision damage waivers that are sold to consumers who rent cars. In many cases consumers are already covered for collisions in rental cars by their own auto insurance policies. Many consumers may not be aware of this at the time they rent a car or may be convinced that they still need to purchase a collision damage waiver. This bill requires all insurers that provide liability insurance coverage for private passenger vehicles to provide coverage for collision damage to cars rented by insureds for terms of 30 days or less.

The bill does not apply to auto leases of more than 30 days nor to rental agreements involving commercial vehicles.

Committee Amendment "A" (H-353) replaces the bill. The amendment extends the period of rental to 45 days, applies to all policies providing liability and collision coverage and limits loss of use charges to verifiable and actual loss of use not to exceed 30 days.

LD 1355 An Act to Expand the Financing Options of Self-insurers for Securing the Obligation to Pay Compensation and Benefits under the Workers' Compensation Act

ONTP

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
MARTIN J THERIAULT MITCHELL E CLARK N	ONTP	

SUMMARY

The bill expands the financial options of self-insurers for providing security to pay workers' compensation benefits by authorizing the use of irrevocable letters of credit. Currently, self-insurers may use cash, securities, guarantees by parent companies, surety bonds and fully funded trusts to back up claims incurred by their employees. The bill allows self-insurers some flexibility in responding to changes in financial and insurance markets, thereby reducing the cost of providing security and, because of that, the cost of workers' compensation.

The letter of credit must be irrevocable and contain no conditions preventing the Treasurer of State from drawing on the letter of credit if appropriately requested by the Chair of the Workers' Compensation Commission or the Superintendent of Insurance.

LD 1373 An Act to Amend the Automobile Insurance Laws

ONTP

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
CAHILL P	ONTP	

SUMMARY

This bill provides that an insurer may refuse to renew automobile insurance if the insured has accrued 3 or more moving violations in a 3-year period or if the members of the insured's household have accrued 5

or more moving violations in a 3-year period. The provisions covering nonrenewal for accidents are also amended to provide that an insurer may refuse to renew coverage in a multivehicle household if 3 accidents occur within a 3-year period.

**LD 1375 An Act to Authorize Financial Institutions and Credit Unions
to Sell Annuities**

**DIED BETWEEN
BODIES**

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
BRANNIGAN	ONTP	MAJ
GWADOSKY	OTP-AM	MIN
ERWIN		

SUMMARY

This bill authorizes employees of financial institutions and credit unions to sell annuities. Federal regulatory agencies have ruled that national banks may provide fixed and variable rate annuities. These rulings have been tested in court and upheld so that many national banks around the country are offering these products to their customers. The basis for a ruling by the United States Comptroller of the Currency is that the annuity product is not insurance but an investment product like those offered by various providers of financial services, such as security firms, insurance companies and retirement accounts already offered by banks.

This bill provides that, when financial institutions sell annuities to their customers, they are subject to the licensing requirements of the Maine Insurance Code.

This bill also allows the Superintendent of Insurance to issue a limited agent's license covering only annuities.

Committee Amendment "A" (S-156) deletes the limited licensing provisions of the original bill and requires an agent who sells annuities as an employee of a financial institution, credit union or holding company to be licensed by normal Bureau of Insurance standards. The amendment also adds a fiscal note.

Only Maine chartered financial institutions and credit unions may sell annuities under this amendment. The tie-in prohibitions that apply to financial institutions are expanded to cover the sale of annuities. Employees of financial institutions or credit unions that sell annuities are required to disclose that the purchase of the annuity is voluntary and separate from credit approval.

**LD 1403 An Act Concerning Discrimination under the Maine Human
Rights Act and the Workers' Compensation Act**

ONTP

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
CONLEY	ONTP	
FARNSWORTH		
BUSTIN		

SUMMARY

This bill places overall jurisdiction of discrimination cases, including workers' compensation discrimination cases, under the Maine Human Rights Commission. The bill amends the section of the Maine Human Rights Act concerning the statute of limitations for filing a complaint with the commission to make it consistent with the limitation under the Workers' Compensation Act and with the time limit for action in Superior Court under the Maine Human Rights Act.