

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.

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.

The bill also provides that in cases of intentional discrimination, the employee is entitled to a jury trial.

LD 1407 An Act to Institute a System of No-fault Automobile Insurance

ONTP

SPONSOR(S)
COLLINS
DONNELLY

COMMITTEE REPORT
ONTP

AMENDMENTS ADOPTED

SUMMARY

This bill establishes no-fault automobile insurance in Maine based upon the well-recognized Michigan law. The Catastrophic Claims Association is established to share among insurers liability for claims in excess of \$250,000 for personal protection coverage in any one occurrence. The Assigned Claims Facility is established to provide a pool to cover otherwise uninsurable individuals. The no-fault insurance system provides coverage for personal protection, property protection and residual liability. Conventional tort liability is limited to specific circumstances. Noneconomic loss in excess of the insurance coverage is compensable only for death, serious impairment of bodily function or permanent serious disfigurement. (See LD 1613)

LD 1433 An Act to Create a State Insurance Fund

ONTP

SPONSOR(S)
MARTIN J
PRAY
MITCHELL E
ESTY

COMMITTEE REPORT
ONTP

AMENDMENTS ADOPTED

SUMMARY

The bill establishes the Maine State Insurance Fund as an independent mutual insurance company to provide workers' compensation insurance to employers of this State at the lowest possible cost and with the highest possible level of services consistent with the financial integrity of the fund.

The structure of the Maine State Insurance Fund is patterned primarily after a similar state mutual insurance company established in Minnesota. The fund is not a state agency or instrumentality of the State in any way. It is created as an independent mutual insurance company and is subject to all other state laws governing mutual insurers to the same extent as any private mutual insurance company. The fund is under the direction of a board of directors, a majority of whom are appointed by the Governor. The remaining directors are selected by policyholders of the fund. All directors must represent a policyholder. The board of directors is authorized to hire investment managers to assist the board in investing the assets of the fund. The board of directors will select a manager who is responsible for the day-to-day direction of the operation of the fund. The fund is authorized, but not required, to use private insurance agents to sell workers' compensation insurance.

The fund retains only limited connections with the State. The fund is required to insure the State for workers' compensation liability. As soon as the fund becomes operational, the State is required to purchase workers' compensation coverage from the fund. The fund will become operational only when it receives sufficient initial capitalization from the State. Separate legislation authorizes a bond issue in the amount of \$10,000,000 to be made available to the fund to cover its initial capitalization and administrative expenses. This money will be loaned to the fund, which can draw upon the full \$10,000,000 as it finds necessary over a period of 2 years. This allows the fund to reduce its interest costs by accepting the state money only as the fund requires it. The fund will repay this money to the State, under a schedule established by the Treasurer of State, through a portion of its earned surplus.