

# 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:

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

**COMMITTEE REPORT**  
OTP-AM

**AMENDMENTS ADOPTED**  
S-215  
S-256    BUSTIN

**SUMMARY**

This bill makes the following changes to several laws governing banking institutions:

It changes the reporting requirement for financial institutions that are participating in the use of satellite or off-premise electronic facilities. The present law requires that each state-chartered financial institution serve notice to the superintendent when it shares in a new automatic teller machine location. With the advent of regional networks in which virtually all financial institutions share in all locations once they are established, this reporting requirement becomes duplicative. The proposed change retains the present application process for establishing a satellite and provides a notice procedure for the participation or discontinuance in the participation of an established satellite facility.

It rewords the law governing the acquisitions of assets and assumption of liabilities to clarify that this format may be utilized to purchase less than substantially all of the assets or liabilities of the transferring institution, such as a branch. These changes provide consistency with present application procedures and parallel the process required in federal law governing those transactions.

It changes the service corporation law to require that the establishment of a service corporation receive prior approval of the superintendent and that the investment in majority-owned service corporations be consolidated with the books of the financial institutions for purposes of determining the legal lending limit.

It repeals the provision in the savings bank and savings and loan laws that stipulates that such organization may purchase only 75% of the amount of any participation loan and the seller must maintain a minimum participation of 25% of the outstanding loan balance. This provision appears to be inconsistent with other sections of the laws governing banking institutions as well as present industry practice.

It raises the application fee to charter a new credit union from \$50 to an amount not exceeding \$1,000. There has been substantial increase in the cost of processing such an application since this fee was first established in 1975. This change will permit the superintendent to establish a fee that equitably covers the cost of processing.

It makes changes to the credit union law that currently permits the employment of a loan officer in lieu of a credit committee to review loan applications. These changes provide consistency with other sections of the law governing the responsibilities of loan officers in relation to credit committees.

It incorporates a reference to federal law governing the definition of control with respect to a financial institution holding company. This added reference is necessary due to changes made in the federal law by the passage of the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989, and does not represent a substantial change in the State's definition of control.

Committee Amendment "A" (S-215) changes the laws governing conversion of a financial institution from federal to state charter to incorporate changes in voting requirements established under federal law for the transaction. It also clarifies that any federal savings bank or federal savings and loan association wishing to convert to state charter may do so with its present form of corporate governance structure.

This amendment clarifies that the expanded authority of the Superintendent of Banking to approve transfers of assets does not apply to transfers in the ordinary course of business, but does apply to branch sales or extraordinary asset sales.

It adopts into law model language developed by the Federal Deposit Insurance Corporation that establishes the priority for payment of claims in the liquidation of an insolvent institution.

It authorizes the establishment of additional service corporations to be used to dispose of foreclosed property pursuant to the Maine Revised Statutes, Title 9-B, section 445, subsection 5.

This amendment also expands the provision of law that requires disclosure of outside business interests to the board of directors of a financial institution to include all policy-making officers.

This amendment also makes a number of modest changes to the lending and deposit authority of savings banks. The amendment adds a provision to the law that allows savings banks to accept deposits from government entities and pledge their assets as security for those deposits. The purpose of this change is to authorize savings banks to accept and protect deposits of government entities in excess of Federal Deposit Insurance Corporation limits. The amendment also provides that the base for determining loan limitations is changed from deposits to assets, giving a broader base.

Necessary changes to credit union laws are made to enable state-chartered credit unions to belong to the Federal Home Loan Bank System. This parallels a recent change to federal law.

Statutory language is amended to require a financial institution holding company to provide notice to the Bureau of Banking when it wishes to purchase shares of its own capital stock. This is a similar provision to that required in federal law.

Finally, a change is made to the provision of the law governing trustee process as it relates to safety deposit boxes to exempt savings and loan associations and credit unions from the definition of "trustee," consistent with the exemptions provided for trust companies and savings banks.

Senate Amendment "A" (S-256) (presented on behalf of the Committee on Bills in Second Reading) prevents a conflict by incorporating changes made to the Maine Revised Statutes, Title 9-B, section 534, subsection 2 in Public Law 1991, chapter 34.

## **LD 1613      An Act to Reform Maine Motor Vehicle Insurance**

**CARRIED OVER**

**SPONSOR(S)**  
THERIAULT  
BRAWN  
JOSEPH  
RICHARDS

**COMMITTEE REPORT**

**AMENDMENTS ADOPTED**

### **SUMMARY**

This bill establishes no-fault automobile insurance in Maine. The no-fault insurance system provides coverage for personal protection, property protection and residual liability. (See LD 1407)

## **LD 1633      An Act to Repeal the Exemptions for Consumer and Antitrust Laws as They Apply to the Banking Industry**

**ONTP**

**SPONSOR(S)**  
KETOVER  
KANY

**COMMITTEE REPORT**  
ONTP

**AMENDMENTS ADOPTED**

### **SUMMARY**

This bill repeals the consumer and antitrust exemptions that presently apply to the banking industry.