

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
116TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

MAY 1994

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**ONE HUNDRED AND SIXTEENTH LEGISLATURE  
SECOND REGULAR SESSION**

**JOINT STANDING COMMITTEE  
BILL SUMMARIES**

**MAY 1994**

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.

The committee report or reports, the prime sponsor for each bill and the lead co-sponsor in each house if one has been designated are listed below each bill title. All adopted amendments are listed, by paper number, 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*

*P&S XXX*

*RESOLVE XXX*

*CON RES XXX*

*EMERGENCY*

*ONTP*

*INDEF PP*

*FAILED ENACTMENT*

*FAILED EMERGENCY ENACTMENT*

*FAILED MANDATE ENACTMENT*

*DIED BETWEEN BODIES*

*CONF CMTE UNABLE TO AGREE*

*VETO SUSTAINED*

*UNSIGNED*

*DIED ON ADJOURNMENT*

*Chapter # of enacted Public Law*

*Chapter # of enacted Private & Special Law*

*Chapter # of enacted Resolve*

*Chapter # of Constitutional Resolution passed by both Houses*

*Enacted law takes effect sooner than 90 days*

*Ought Not to Pass report accepted*

*Bill Indefinitely Postponed*

*Bill failed to get majority vote*

*Emergency bill failed to get 2/3 vote*

*Bill imposing local mandate failed to get 2/3 vote*

*House & Senate disagree; bill died*

*Committee of Conference unable to agree; bill died*

*Legislature failed to override Governor's Veto*

*Not signed by Governor within 10 days*

*Action incomplete when session ended; bill died*

These summaries were prepared by the analyst or analysts assigned to the committee. If you have any suggestions or comments on the summaries, please let us know.

5581LHS

**LD 1763**

**An Act to Provide Enhanced Enforcement Powers in the Maine Banking Laws**

PUBLIC 538  
EMERGENCY

**SPONSOR(S)**  
CARLETON

**COMMITTEE REPORT**  
OTP-AM

**AMENDMENTS ADOPTED**  
H-790

**SUMMARY**

This bill repeals the current law that establishes the grounds for removal of an officer or director of a financial institution and replaces it with language that parallels federal law.

COMMITTEE AMENDMENT "A" (H-790) changes the semiannual period for assessments payable to the Bureau of Banking for most financial institutions to a quarterly period in order to smooth the flow of revenue to the bureau and diminish the need for higher cash balances. This amendment establishes an assessment period that coincides with the frequency of reporting financial data.

The amendment also clarifies state law governing insolvency and liquidation of a financial institution and provides the Bureau of Banking with additional flexibility to negotiate with the Federal Deposit Insurance Corporation in the resolution of such a problem.

This amendment also adds a fiscal note to the bill.

**LD 1789**

**An Act to Allow State-chartered Credit Unions to Make Loans to Service Corporations and to Share Branch Offices**

ONTP

**SPONSOR(S)**  
CONLEY

**COMMITTEE REPORT**  
ONTP

**AMENDMENTS ADOPTED**

**SUMMARY**

This bill authorizes state-chartered credit unions to make loans to credit union service corporations, to share branch offices and to establish service corporations to facilitate the sharing of branch offices. Federally chartered credit unions are authorized under federal law and regulations to make such loans, to share branch offices and to establish service corporations to facilitate the sharing of branch offices. This bill would maintain competitive equality between state-chartered and federally chartered credit unions.

**LD 1899**

**An Act to Require Risk-based Capital Standards and Standard Valuation to Ensure Continued Accreditation for the Bureau of Insurance**

PUBLIC 634

**SPONSOR(S)**  
KIEFFER

**COMMITTEE REPORT**  
OTP-AM

**AMENDMENTS ADOPTED**  
S-464

**SUMMARY**

The purpose of Part A of this bill is to create a regulatory tool that allows the Bureau of Insurance to differentiate the financial conditions of insurers. This regulatory tool is intended to provide adequate surplus for unexpected increases in liabilities, unexpected decreases in asset values, inadequate rates, cash-flow timing problems and catastrophes.

An insurer's risk-based capital is calculated by applying factors to various assets and premium and reserve items, where the factor is higher for those items with greater underlying risk and lower for less risky items. A weighted average is achieved that works in conjunction with provisions in the bill that calls for mandatory regulatory action when surplus drops below mandatory levels.