

MAINE STATE LEGISLATURE

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STATE OF MAINE
117TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE

JUNE 1996

MEMBERS:

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Sen. Dale McCormick

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**ONE HUNDRED SEVENTEENTH LEGISLATURE
SECOND REGULAR SESSION**

***Summary Of Legislation Before The Joint Standing Committees
June 1996***

We are pleased to provide this summary of bills that were considered by the 15 Joint Standing Committees of the Maine Legislature staffed by this office. The document is a compilation of bill summaries which describe each bill, committee amendments and other relevant amendments, as well as the final action taken on the bill. Also included are statistical summaries of bill activity this Session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills handled by the joint standing committees. It is organized alphabetically by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills.

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

| | |
|---|---|
| <i>CARRIED OVER</i> | <i>Bill carried over to Second Session</i> |
| <i>CON RES XXX</i> | <i>Chapter # of Constitutional Resolution passed by both Houses</i> |
| <i>CONF CMTE UNABLE TO AGREE</i> | <i>Committee of Conference unable to agree; bill died</i> |
| <i>DIED BETWEEN BODIES</i> | <i>House & Senate disagree; bill died</i> |
| <i>DIED ON ADJOURNMENT</i> | <i>Action incomplete when session ended; bill died</i> |
| <i>EMERGENCY</i> | <i>Enacted law takes effect sooner than 90 days</i> |
| <i>FAILED EMERGENCY ENACTMENT</i> | <i>Emergency bill failed to get 2/3 vote</i> |
| <i>FAILED ENACTMENT</i> | <i>Bill failed to get majority vote</i> |
| <i>FAILED MANDATE ENACTMENT</i> | <i>Bill imposing local mandate failed to get 2/3 vote</i> |
| <i>INDEF PP</i> | <i>Bill Indefinitely Postponed</i> |
| <i>ONTP</i> | <i>Ought Not To Pass report accepted</i> |
| <i>P&S XXX</i> | <i>Chapter # of enacted Private & Special Law</i> |
| <i>PUBLIC XXX</i> | <i>Chapter # of enacted Public Law</i> |
| <i>RESOLVE XXX</i> | <i>Chapter # of finally passed Resolve</i> |
| <i>UNSIGNED</i> | <i>Not signed by Governor within 10 days</i> |
| <i>VETO SUSTAINED</i> | <i>Legislature failed to override Governor's Veto</i> |

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is July 4, 1996.

Committee Amendment "A" (H-720) replaced the bill and proposed to prohibit insurers, nonprofit hospital and medical service organizations and health maintenance organizations from discriminating against victims of domestic violence in life, health and disability insurance coverage. The amendment does not prohibit an insurer from denying coverage to an applicant known to be, or to have been, an abuser of the proposed insured.

Enacted law summary

Public Law 1995, chapter 553 prohibits insurers, nonprofit hospital and medical service organizations and health maintenance organizations from discriminating against victims of domestic violence in life, health and disability insurance coverage. It does not prohibit an insurer from denying coverage to an applicant known to be, or to have been, an abuser of the proposed insured.

LD 1684

An Act to Consolidate Insurer Billing Procedures and to Streamline the Licensing Process for Reinsurance Intermediaries

PUBLIC 544
EMERGENCY

Sponsor(s)
LUMBRA

Committee Report
OTP-AM

Amendments Adopted
H-718

LD 1684 proposed to amend applicable provisions in the Maine Insurance Code to combine the billing process for insurers for assessments, the annual statement filing fee and the annual continuation fee. One bill will be sent by the Bureau of Insurance to each insurer and one check will be forwarded to the Treasurer of State instead of 3. This bill also proposed to amend the Maine Insurance Code to allow licensed agents and brokers to act as reinsurance intermediaries without further licensing and to allow persons to become licensed as reinsurance intermediaries without first becoming licensed as an agent or broker.

Committee Amendment "A" (H-718) proposed to modify the Maine Automobile Insurance Cancellation Control Act and the Maine Property Insurance Cancellation Control Act to allow an insurer to discontinue business in these lines of insurance and to authorize nonrenewal of policies in those lines if the insurer provides a plan to the superintendent that demonstrates equivalent replacement coverage is available.

The amendment also proposed to add an emergency preamble, emergency clause and a fiscal note to the bill.

Enacted law summary

Public Law 1995, chapter 544 amends applicable provisions in the Maine Insurance Code to combine the billing process for insurers for assessments, the annual statement filing fee and the annual continuation fee. One bill will be sent by the Bureau of Insurance to each insurer and one check will be forwarded to the Treasurer of State instead of 3. This law also amends the Maine Insurance Code to allow licensed agents and brokers to act as reinsurance intermediaries without further licensing and to allow persons to become licensed as reinsurance intermediaries without first becoming licensed as an agent or broker.

Public Law chapter 544 also modifies the Maine Automobile Insurance Cancellation Control Act and the Maine Property Insurance Cancellation Control Act to allow an insurer to discontinue business in these lines of insurance and to authorize nonrenewal of policies in those lines if the

insurer provides a plan to the superintendent that demonstrates equivalent replacement coverage is available.

LD 1699 An Act to Amend and Further Deregulate the Maine Consumer Credit Code PUBLIC 614

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| VIGUE | OTP-AM MAJ | H-805 |
| | ONTP MIN | |

LD 1699 proposed to make the following changes in the Maine Consumer Credit Code.

1. It completes the deregulation of retail credit cards addressed in Public Law 1995, chapter 84.
2. Lenders with single offices are currently subsidizing large, out-of-state mortgage companies that submit multiple applications for branch offices. This bill requires that the costs of processing applications for multiple branch offices be borne by the applicants.
3. Current law limits a lender's ability to offer closed-end consumer loans for terms exceeding 3 years. All other types of personal credit, especially credit cards, have been deregulated. This bill deregulates closed-end consumer loans.
4. It extends to nonbank credit card issuers the same deregulated credit card rates allowed banks and credit unions under Public Law 1995, chapter 137.
5. It makes technical corrections by adding a word that was omitted from the existing statute and by correcting a statutory reference.

Committee Amendment "A" (H-805) is the majority report and proposed to incorporate changes made to the Federal Truth in Lending Act that became effective September 30, 1995. Enacting such changes into state law protects Maine's exemption from federal enforcement. In Parts A and B of the amendment, the changes ease the strict tolerances on minor creditor disclosure errors, which have led to expensive class-action lawsuits in other states.

In Part C, the amendment proposed to correct an error in existing provisions of the Maine Consumer Credit Code.

The amendment also proposed to add a fiscal note.

Enacted law summary

Public Law 1995, chapter 614 makes the following changes in the Maine Consumer Credit Code.

1. It completes the deregulation of retail credit cards addressed in Public Law 1995, chapter 84.
2. Lenders with single offices are currently subsidizing large, out-of-state mortgage companies that submit multiple applications for branch offices. This bill requires that the costs of processing applications for multiple branch offices be borne by the applicants.