

MAINE STATE LEGISLATURE

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**STATE OF MAINE
118TH LEGISLATURE**

**FIRST REGULAR SESSION
AND
FIRST SPECIAL SESSION**

**BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE**

JULY 1997

MEMBERS:

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ONE HUNDRED EIGHTEENTH LEGISLATURE
FIRST REGULAR AND FIRST SPECIAL SESSIONS

Summary Of Legislation Before The Joint Standing Committees
August 1997

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. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla).

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 Regular 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 IN CONCURRENCE</i>	<i>One body accepts ONTP report; the other indefinitely postpones the bill</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/FINAL PASSAGE</i>	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</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>OTP ND</i>	<i>Committee report Ought To Pass In New Draft</i>
<i>OTP ND/NT</i>	<i>Committee report Ought To Pass In New Draft/New Title</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>Bill held by Governor</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 First Regular Session (unless otherwise specified in a particular law) is June 26, 1997 and September 19, 1997 for the First Special Session.

David E. Boulter, Director
 Offices Located in the State House, Rooms 101/107/135

LD 836

An Act Concerning the Lapse of Automobile Insurance

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BERRY D	ONTP	

Current law requires that owners and operators of motor vehicles maintain automobile liability insurance or other proof of financial responsibility. LD 836 proposed to amend the motor vehicle laws regarding auto insurance to require that, in addition to the existing requirement of a 10-day notice before cancellation of a policy, insurance companies provide the Secretary of State with a 10-day notice before termination of a policy occurs by expiration. The requirement in this bill applies to policies that must be filed and certified as proof of financial responsibility with the Secretary of State under the Maine Revised Statutes, Title 29-A, section 1602. The penalties for failure to provide proof of financial responsibility within 30 days of a request include suspension of the person's license, of the registration of the vehicle for which proof of insurance was not provided and of the right to apply for a license or registration.

See related bills LD 112 and LD 622.

LD 839

An Act to Ensure Reasonable Access to Emergency Medical Services

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PIEH KILKELLY	ONTP	

LD 839 proposed to prohibit health carriers from requiring prior authorization for emergency medical services.

LD 843

An Act to Regulate Money Transmitters and Amend Consumer Credit Laws

PUBLIC 155

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
VIGUE MAYO	OTP-AM	H-203 H-213 CAMERON

LD 843 proposed to do the following.

Title IV of the federal Reigle Community Development Act, titled the "Money Laundering Suppression Act of 1994," calls upon states to adopt uniform laws for licensing and regulating money transmitters and money order issuers. The language in Part A is adopted from a model money transmitter law developed jointly by the Money Transmitter Regulators Association and the money transmitter industry. It is designed to protect consumers by ensuring the solvency of money transmitters and money order issuers.

Title IV of the federal Reigle Community Development Act calls upon states to adopt uniform laws for licensing and regulating check cashers and currency exchangers, "for purposes of preventing money laundering and

protecting the payment system from fraud and abuse." Following the lead of most other states, this bill requires the registration of those businesses and ensures appropriate disclosures of costs to consumers.

The omnibus budget bill signed by the President on September 30, 1996 contained major revisions to the Federal Fair Credit Reporting Act upon which Maine's credit reporting laws are based. The language in Part B is derived from language in the new federal law. Incorporating the changes into Maine law will assist businesses that operate across state lines, because the requirements will be consistent among states. Enacting the changes will also bring several consumer protections adopted by Congress to Maine citizens, including the right of poor or unemployed individuals to obtain a copy of their credit report without charge.

The omnibus budget bill passed by Congress on September 30, 1996 contained several amendments to the federal Truth-in-Lending Act. The State maintains an exemption to the federal Truth-in-Lending Act by incorporating federal changes into state law. This provides consistency for Maine businesses, but also allows responsiveness on a state level to consumer issues. The language in Part C is derived exactly from that adopted at the federal level.

The federal budget bill enacted by Congress on September 30, 1996 contained an important clarification of the Federal Fair Debt Collection Practices Act upon which Maine collection law is based. The federal law provides regulatory relief to attorneys and debt collectors concerning the technical written notices that must be contained in each collection letter, and clarifies a related notice issue that has led to expensive litigation in other parts of the country. Part D clarifies Maine law on this issue.

Part E clarifies that a pawnbroker must have physical possession of the substantive collateral in order to effect a pawn transaction.

Committee Amendment "A" (H-203) proposed to add statutory provisions that conform Maine's credit reporting laws to revisions in the federal Fair Credit Reporting Act.

The amendment proposed to clarify the distribution of volume fees within the Department of Professional and Financial Regulation between the Office of Consumer Credit Regulation and Bureau of Banking with respect to consumer credit transactions that are originated by supervised lenders subject to regulation by the Office of Consumer Credit Regulation and subsequently assigned to financial institutions subject to regulation by the Bureau of Banking.

The amendment also makes some technical changes and corrections and adds an allocation section and a fiscal note to the bill.

House Amendment "A" (H-213) was presented on behalf of the Committee on Bills in the Second Reading to correct an amending clause and to enact an effective date provision to effectuate the intent to repeal the Maine Revised Statutes, Title 32, chapter 13, subchapter VI effective January 1, 1998.

Enacted law summary

Public Law 1997, chapter 155 enacts provisions requiring the licensing and regulation of money transmitters and money order issuers doing business in the State and requiring the registration and regulation of check cashers and currency exchangers doing business in the State. These provisions are Maine's response to federal law requirements in Title IV of the Reigle Community Development Act.

The law conforms Maine's fair credit reporting, truth-in-lending and fair debt collections laws with recent changes in federal law.

Public Law 1997, chapter 155 also clarifies that a pawnbroker must have physical possession of the substantive collateral to effectuate a pawn transaction.

LD 889 **An Act to Ensure Fair Claims Settlement Practices** **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN		

LD 889 proposes to expand the list of the types of unfair claims settlement practices by an insurer for which recovery may be made by an individual in a private cause of action.

The bill was carried over to the Second Regular Session along with a related bill, LD 1783.

LD 900 **An Act Regarding the Decision by an Insurance Carrier Whether to Cover Certain Services** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAILHOT NUTTING	ONTP	

LD 900 proposed to require carriers offering health plans in this State to employ persons licensed or otherwise qualified in particular areas to perform medical review or utilization review for the health plan in those areas in which the persons are licensed or qualified to make decisions about the provision of health care services to health plan enrollees.

LD 902 **An Act Requiring Notice to Homeowners' Insurance Policyholders when an Insurer Ceases to Transact Business with an Agent** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BAKER J FERGUSON	ONTP	

LD 902 proposed to require an insurer to notify homeowners' insurance policyholders when the insurer ceases to do business through an agent or broker.