

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals  
(may include minor formatting differences from printed original)

STATE OF MAINE  
118TH LEGISLATURE

SECOND REGULAR SESSION  
AND  
SECOND SPECIAL SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

MAY 1998

**MEMBERS:**

*Sen. Lloyd P. LaFountain III, Chair*  
*Sen. Robert E. Murray, Jr.*  
*Sen. I. Joel Abromson*

*Rep. Jane W. Saxl, Chair*  
*Rep. Julie Winn*  
*Rep. Thomas M. Davidson*  
*Rep. Christopher P. O'Neil*  
*Rep. Joseph C. Perry*  
*Rep. Stephen S. Stanley*  
*Rep. Joseph G. Carleton, Jr.*  
*Rep. Sumner A. Jones, Jr.*  
*Rep. Arthur F. Mayo III*  
*Rep. Joseph Bruno*

**Staff:**

*Colleen McCarthy Reid, Legislative Analyst*

*Office of Policy and Legal Analysis*  
*Room 101/107/135, 13 State House Station*  
*Augusta, ME 04333*  
*(207)287-1670*



**Maine State Legislature  
OFFICE OF POLICY AND LEGAL ANALYSIS**

13 State House Station, Augusta, Maine 04333-0013  
Telephone: (207) 287-1670  
Fax: (207) 287-1275

**ONE HUNDRED EIGHTEENTH LEGISLATURE  
SECOND REGULAR AND SECOND SPECIAL SESSIONS**

**Summary Of Legislation Before The Joint Standing Committees  
May 1998**

We are pleased to provide this summary of bills that were considered by the Joint Standing Committees of the Maine Legislature. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. 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 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](http://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:

*CON RES XXX*..... Chapter # of Constitutional Resolution passed by both Houses  
*CONF CMTE UNABLE TO AGREE*.....Committee of Conference unable to agree; bill died  
*DIED BETWEEN BODIES*.....House & Senate disagree; bill died  
*DIED IN CONCURRENCE*.....One body accepts ONTP report; the other indefinitely postpones the bill  
*DIED ON ADJOURNMENT*.....Action incomplete when session ended; bill died  
*EMERGENCY*.....Enacted law takes effect sooner than 90 days  
*FAILED EMERGENCY ENACTMENT/FINAL PASSAGE*.....Emergency bill failed to get 2/3 vote  
*FAILED ENACTMENT/FINAL PASSAGE*.....Bill failed to get majority vote  
*FAILED MANDATE ENACTMENT*.....Bill imposing local mandate failed to get 2/3 vote  
*INDEF PP*.....Bill Indefinitely Postponed  
*ONTP*..... Ought Not To Pass report accepted  
*OTP ND*..... Committee report Ought To Pass In New Draft  
*OTP ND/NT*..... Committee report Ought To Pass In New Draft/New Title  
*P&S XXX*..... Chapter # of enacted Private & Special Law  
*PUBLIC XXX*..... Chapter # of enacted Public Law  
*RESOLVE XXX*..... Chapter # of finally passed Resolve  
*UNSIGNED*.....Bill held by Governor  
*VETO SUSTAINED*.....Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is June 30, 1998 and July 9, 1998 for the Second Special Session. Second Special Session laws include Public Laws beginning with Chapter 718, Private and Special Laws beginning with Chapter 82 and Resolves beginning with Chapter 117.

<u>Sponsor(s)</u> LAFOUNTAIN		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-453
---------------------------------	--	-----------------------------------	--	------------------------------------

LD 1928 proposed to make the following changes to the laws governing reciprocal insurers and captive insurance companies.

1. It lowers the number of incorporators required to form a domestic reciprocal insurer in this State from 25 to three.
2. It raises the amount of the bond required for reciprocal insurers from \$25,000 to \$250,000.
3. It permits nonprofit corporations to be subscribers of reciprocal insurers.
4. It amends the requirement that a captive insurance company hold at least one meeting each year in Maine to allow teleconferenced and videoconferenced meetings if one board member participates in the meeting from this State.
5. It expands the lines of insurance that a captive insurance company may engage in to include life, health and other medical expense coverages.
6. It allows a captive insurance company to be organized as a reciprocal insurer as well as a domestic mutual insurer.
7. It corrects a cross-reference.
8. It lowers the rate of taxation for captive insurance companies.
9. It repeals the requirement that Maine-domiciled corporations that form captive insurance companies must pay two percent tax on direct premiums.

**Committee Amendment “A” (S-453)** proposed to remove the provisions of the bill relating to reciprocal insurers. It proposed to clarify that a captive insurer may reinsure annuities and life and health insurance written in connection with employee benefit plans of a captive insurer's single parent corporation or association parent. It also proposed to allow a captive insurer to reinsure credit health insurance and credit life insurance and to write financial guaranty insurance.

The amendment proposed to remove the proposed changes in the tax rate for captive insurers but to retain the correction of decimal point errors. The amendment also added a fiscal note to the bill.

### *Enacted law summary*

Public Law 1997, chapter 583 makes changes to the laws governing captive insurance companies. It amends the requirement that a captive insurance company hold at least one meeting each year in the State to allow teleconferenced and videoconferenced meetings if one board member participates in the meeting from this State. It expands the lines of insurance that a captive insurer may engage in to include financial guaranty insurance,

reinsurance of credit health and credit life insurance and the reinsurance of annuities and life and health insurance written in connection with employee benefit plans of a captive insurer's single parent or association parent.

**LD 1929**

**An Act Concerning Notices Given in Connection with Mortgage Foreclosures**

**PUBLIC 579**

Sponsor(s)  
SAXL J

Committee Report  
OTP-AM

Amendments Adopted  
H-787

The 1995 amendments to the Maine Revised Statutes, Title 14, section 6111 are inconsistent with the provisions of Title 9-A, section 5-110, applicable to consumer credit transactions, and the provisions of the standard so-called Fannie Mae/Freddie Mac uniform mortgages that are utilized by supervised lenders so that these mortgages are marketable on the secondary market. These amendments may cause title problems and do cause confusion to consumers in that, under current law, consumers must receive up to three different notices, all with different deadlines and requirements.

LD 1929 proposed to eliminate the possibility of inconsistencies and confusion by clarifying that consumers' rights to cure defaults with respect to mortgages that are consumer credit transactions are governed by the Maine Consumer Credit Code and that, with respect to mortgages made by supervised lenders that are not consumer credit transactions, consumer's rights to cure defaults are governed by the provisions of the Fannie Mae/Freddie Mac uniform mortgage instruments.

**Committee Amendment "A" (H-787)** replaced and clarified the bill. The amendment proposed to require that at least 30 days' notice of right to cure be given by mortgagees to any cosigners against whom the mortgagee seeks to enforce the loan or obligation securing the mortgage. It allows notice of right to cure to mortgagors and cosigners to be provided by either certified mail or ordinary mail consistent with the notice of right to cure provisions for consumer credit transactions under the Maine Consumer Credit Code.

The amendment proposed to exempt from the requirements of the Maine Revised Statutes, Title 14, section 6111 mortgages subject to the notice of right to cure provisions of the Maine Consumer Credit Code; mortgages other than first mortgages made subject to the Code by agreement of the parties; and mortgages containing a 30-day notice of right to cure provision when notice is given to the mortgagor and to any cosigner against whom the mortgagee seeks to enforce the mortgage. The amendment makes the exemptions from the Title 14, section 6111 notice requirements applicable to mortgages enforced on or after July 4, 1996.

The amendment also added a fiscal note to the bill.

***Enacted law summary***

Public Law 1997, chapter 579 makes changes to Maine Revised Statutes, Title 14, section 1611 governing the notice requirements of right to cure defaults to mortgagors and cosigners before enforcement of a loan or obligation securing a mortgage. It requires that at least 30 days' notice of right to cure be given by mortgagees to any cosigners against whom the mortgagee seeks to enforce the loan or obligation securing the mortgage. It allows notice of right to cure to mortgagors and cosigners to be provided by either certified mail or ordinary mail consistent with the notice of right to cure provisions for consumer credit transactions under the Maine Consumer Credit Code.