

MAINE STATE LEGISLATURE

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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

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Rep. Joseph Bruno

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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).

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.

Committee Amendment “A” (H-884) proposed to clarify the manner in which surplus lines insurers pay premium taxes.

The amendment also proposed to clarify that the name of a Maine financial institution may appear on a credit card issued on its behalf by another financial institution if the name and state of the issuing financial institution also appear on the card. It also proposed to remove the requirement that the name of the financial institution appear in at least 10 point type.

The amendment also added a fiscal note to the bill.

House Amendment “A” to Committee Amendment “A” (H-894) was presented on behalf of the Committee on Bills in the Second Reading to prevent a conflict by incorporating changes made to the Maine Revised Statutes, Title 24-A, section 2016, subsection 1 in Public Law 1997, chapter 592.

Enacted law summary

Public Law 1997, chapter 660 makes changes to the laws relating to the Bureau of Banking, the Securities Division of the Bureau of Banking and the Bureau of Insurance. The law implements the recommendations of the Joint Standing Committee on Banking and Insurance pursuant to the committee’s review of these agencies under the Government Evaluation Act.

The changes that relate to the Bureau of Banking include authorizing the Bureau of Banking to bar an officer or director removed from a financial institution or holding company from working for special purpose financial institutions, i.e., merchant banks, nondepository trust companies and uninsured banks, and clarifying that the name of a Maine financed institution may appear on a credit card issued on its behalf by another financial institution if the name and state of the issuing financial institution also appear on the card.

In relation to the Securities Division, the law updates the criminal penalties of the Revised Maine Securities Act and brings them in line with the current class system for criminal conduct under the Maine Criminal Code. And it gives authority to the Securities Division to bring a court action involving multiple violations in any county in which any violation occurs.

The law’s changes relating to the Bureau of Insurance include transferring legal responsibility for the collection of insurance premium taxes on surplus lines insurers from the Bureau of Insurance to the Department of Administration and Financial Services, Bureau of Revenue Services and clarifying the requirement that Maine domestic insurance companies pay an assessment to the Bureau of Insurance to reimburse the bureau for the costs associated with financial examination of the companies.

LD 2210

Resolve, Regarding Legislative Review of Chapter 890: Consumer Complaint Ratios, a Major Substantive Rule of the Department of Professional and Financial Regulation

**RESOLVE 96
EMERGENCY**

Sponsor(s)

Committee Report
OTP

Amendments Adopted

LD 2210 proposed to provide for legislative review of Chapter 890: Consumer Complaint Ratios, a major substantive rule of the Department of Professional and Financial Regulation, Bureau of Insurance.

Enacted law summary

Resolve 1997, chapter 96 authorizes final adoption of major substantive rule Chapter 890: Consumer Complaint Ratios of the Bureau of Insurance.

Resolve 1997, chapter 96 was enacted as an emergency measure effective March 23, 1998.

LD 2222 An Act to Revise and Update the Charter of the Maine Employers' Mutual Insurance Company in Furtherance of its Mission PUBLIC 661

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CARLETON	OTP-AM MAJ	H-905
LAFOUNTAIN	ONTP MIN	

LD 2222 proposed to update the statutory charter of Maine Employers' Mutual Insurance Company, or MEMIC. The bill proposed to expand the purpose of MEMIC to include being responsive to the advice of its advisory divisions. It proposed to allow MEMIC to reinsure workers' compensation and employers' liability insurance for Maine-based employers that MEMIC insures doing business in other states and provide MEMIC the authority to create or buy subsidiary companies in other jurisdictions in order to write workers' compensation in those jurisdictions. It also removed historical language dealing with MEMIC's incorporation.

The bill proposed to reduce the size of the board of MEMIC from 13 to 9 members. It also proposed to clarify the terms of board members and to remove historical sections governing initial funding and operation. The bill proposed to update and revise the role and responsibilities of the divisions and their relationship to the board. The board's charge is adjusted to maintain divisions consisting of general industry groupings, which can parallel national classifications. The management responsibilities reserved for the divisions are shifted to the board. The divisions become responsible for advising the board on issues of importance to the divisions. Restrictions regarding surplus and funding are removed. Historical references to the initial divisions are removed. The board's authority to adjust the makeup of divisions, with approval by the Superintendent of Insurance, continues. The bill proposed to adjust the size of the advisory division boards to provide for up to 9 members and to add language to provide greater latitude regarding MEMIC's responsibility for financial accounting and rating for each division.

The bill also proposed to grant MEMIC the ability to file and use rates, the same practice allowed for other insurance companies, if it files within the established rate band. Rates that are higher or lower than the rate band must receive prior approval by the Superintendent of Insurance.

Committee Amendment "A" (H-905) proposed to clarify that subsidiary insurers formed or acquired by the Maine Employers' Mutual Insurance Company may not be authorized to write any line of insurance in this State. The amendment clarified that the reduction in the size of the board of directors must be done through attrition. The amendment retained the authority of the company to contract with licensed producers.

The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 661 updates the statutory charter of Maine Employers' Mutual Insurance Company. The law expands the purpose of the company to include responding to the advice of its advisory divisions; removes