

MAINE STATE LEGISLATURE

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**STATE OF MAINE
119TH LEGISLATURE**

FIRST REGULAR SESSION

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

JULY 1999

MEMBERS:

Sen. Lloyd P. LaFountain III, Chair

Sen. Neria R. Douglass.

Sen. I. Joel Abromson

Rep. Jane W. Saxl, Chair

Rep. Christopher P. O'Neil

Rep. Joseph C. Perry

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Rep. Kevin J. Glynn

Rep. Robert W. Nutting

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ONE HUNDRED NINETEENTH LEGISLATURE
FIRST REGULAR SESSION

Summary Of Legislation Before The Joint Standing and Select Committees
August 1999

We are pleased to provide this summary of all bills that were considered by the Joint Standing and Select Committees of the Maine Legislature this past session. 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 and select committees.

The document is organized for convenient reference to information on bills considered by the 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:

CARRIED OVER.....Bill carried over to Second Regular Session
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
ENACTMENT FAILED..... Bill failed to get vote required for enactment or final passage
NOT PROPERLY BEFORE THE BODY..... Ruled out of order by the presiding officers; bill died
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 First Regular Session (unless otherwise specified in a particular law) is September 18, 1999.

LD 1678

An Act to Expand and Clarify the Opportunities for Small Employers to Purchase Health Insurance

ONTP

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

LD 1678 proposed to amend the laws relating to small group health insurance by doing the following.

1. Prohibit groups with 50 or fewer members from obtaining health insurance through association plans;
2. Eliminate the provision that allows insurers to provide individual health insurance policies to sole proprietors; and
3. Prohibit the imposition of surcharges on premiums applied to groups of one member.

LD 1693

An Act to Clarify the Regulation of Viatical Settlement Contracts When Sold as Investments

**PUBLIC 279
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL ABROMSON	OTP-AM	H-402 H-474 CAMERON

LD 1693 proposed to clarify the regulation of viatical settlement contracts when they are sold as investments. First, the legislation proposed to make clear that fractional or pooled interests in viatical settlement contracts sold as investments are securities subject to the Revised Maine Securities Act and they are currently covered in the statutory definition as investment contracts, but are not named specifically. Second, the bill proposed to add "viatical settlement contract" to the definition of security. Since viatical settlement contracts are a new investment product, the undivided viatical settlement contracts are not specifically covered in the bill's definition. The bill proposed to add "viatical settlement contract" to the definition of security to provide consumers who purchase undivided viatical settlement contracts with the same consumer protections provided to the purchasers of other investments in Maine.

The bill proposed to provide for an exemption from registration if the seller provides the consumer with a disclosure statement.

This bill was submitted on behalf of the Department of Professional and Financial Regulation.

Committee Amendment "A" (H-402) proposed to provide investors in viatical settlement contracts a 30-day right of rescission.

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

House Amendment "A" (H-474) was presented on behalf of the Committee on Bills in Second Reading to prevent a conflict by incorporating changes made to the Maine Revised Statutes, Title 32, section 10501, subsections 18 and 21 in Public Law 1999, chapter 37.

Enacted law summary

Public Law 1999, chapter 279 clarifies the regulation of viatical settlement contracts when they are sold as investments and clarifies that fractional or pooled interests in viatical settlement contracts sold as investments are considered securities subject to the Revised Maine Securities Act. It adds "viatical settlement contract" to the definition of security

to provide consumers who purchase undivided viatical settlement contracts with the same consumer protections provided to the purchasers of other investments in Maine.

Chapter 279 was enacted as an emergency measure effective May 21, 1999.

LD 1719

An Act to Amend the Maine Banking Code Regarding Extensions of Credit

**PUBLIC 205
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ABROMSON SAXL J	OTP	

LD 1719 proposed to authorize the Superintendent of Banking to grant a partial or full waiver to the requirement that a financial institution making loans or extensions of credit in excess of 10% of total capital must be approved by the governing body or executive committee of that institution or corporation.

There is no waiver provision for the prohibition against a financial institution making loans to one person in excess of 20% of its total capital. Also, the waiver may be withdrawn by the superintendent upon written notice to the financial institution.

Enacted law summary

Public Law 1999, chapter 205 authorizes the Superintendent of Banking to grant a partial or full waiver to the requirement that a financial institution making loans or extensions of credit in excess of 10% of total capital must be approved by the governing body or executive committee of that institution or corporation.

Chapter 205 was enacted as an emergency measure effective May 17, 1999.

LD 1732

An Act to Prohibit Certain Bank Penalties

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RAND QUINT	ONTP MAJ OTP-AM MIN	

LD 1732 proposed to prohibit financial institutions from imposing fees on customers because balances in customers' savings accounts fall below a set minimum amount.

Committee Amendment "A" (S-202) is the minority report of the committee and proposed to replace the bill. The amendment proposed to clarify that the prohibition on charging a fee when a customer's balance in a savings or share account falls below the minimum required balance applies to credit unions as well as banks. The amendment also proposed to add a fiscal note to the bill. Committee Amendment "A" was not adopted.