

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
119TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

JULY 2000

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*Sen. Neria R. Douglass*  
*Sen. I. Joel Abromson*

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**ONE HUNDRED NINETEENTH LEGISLATURE**  
**SECOND REGULAR SESSION**

**Summary Of Legislation Before The Joint Standing Committees**  
**July 2000**

We are pleased to provide this summary of 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](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  
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 Second Regular Session (unless otherwise specified in a particular law) is August 11, 2000.

*David E. Boulter, Director*  
Offices Located in the State House, Rooms 101 & 107

***Enacted law summary***

Public Law 1999, chapter 560 requires the registration and regulation of nonprofit debt management service providers by the Department of Professional and Financial Regulation, Office of Consumer Credit Regulation. For-profit organizations that provide debt management services are prohibited. Nonprofit debt management service providers provide services on a voluntary basis to consumers to restructure their consumer credit obligations and to revise their terms of repayment, often by securing debt restructuring agreements with creditors.

Public Law 1999, chapter 560 requires that consumer funds be deposited in a trust account and be paid over to creditors on the consumer's behalf within 15 days of receipt of the funds. It prohibits debt management service providers from performing debt management services for a consumer unless the services are provided pursuant to a written agreement with the consumer. Debt management service providers are also prohibited from purchasing debt, providing credit to consumers, operating as a debt collector, obtaining a mortgage or other security interest in a consumer's property and structuring agreements that would result in negative amortization of a consumer's obligations to creditors.

Public Law 1999, chapter 560 was enacted as an emergency effective March 15, 2000.

**LD 2264**

**An Act Relating to Certain Commercial Insurance Contracts**

**PUBLIC 538**

<u>Sponsor(s)</u> LAFOUNTAIN		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-472
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LD 2264 proposed to amend the definition of large commercial policyholder to clarify that the premium threshold for property and casualty insurance premiums remains \$50,000 after January 1, 2003.

**Committee Amendment "A" (S-472)** proposed to correct a cross-reference.

***Enacted law summary***

Public Law 1999, chapter 538 clarifies that a large commercial policyholder must continue to satisfy the \$50,000 premium threshold for property and casualty insurance after January 1, 2003 in order to qualify for reduced regulation of large commercial insurance policies by the Bureau of Insurance.

Public Law 1999, chapter 538 applies retroactively to September 18, 1999.

**LD 2283**

**An Act to Realign Capital Requirements for Specialty Bank Charters**

**PUBLIC 539**

<u>Sponsor(s)</u> LAFOUNTAIN		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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Current law requires initial capital for a merchant bank of \$20,000,000, considerably more than that required for any other financial institution chartered under state law. LD 2283 proposed to realign that minimum capital requirement to be consistent with that which is required for any other bank charter and make other changes in specialty bank laws to create uniformity with respect to statutory capital requirements.

***Enacted law summary***

Public Law 1999, chapter 539 makes the minimum capital required for merchant banks consistent with the requirement for other bank charters.

**LD 2296                      An Act to Clarify the Rule-making Authority of the Commissioner of Human Services in Relation to Health Maintenance Organizations and Other Health Plans                      DIED BETWEEN BODIES**

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

Current law grants rule-making authority over health maintenance organization's quality matters and other matters that are within the purpose of the Health Plan Improvement Act to the Superintendent of Insurance.

The Bureau of Medical Services within the Department of Human Services proposed a new department rule: 10-144, chapter 109, Quality Oversight for Commercial Health Maintenance Organizations, that would give authority to the Bureau of Medical Services to oversee quality assurance for commercial health maintenance organizations that are subject to primary regulation and oversight by the Bureau of Insurance.

LD 2296 proposed to prohibit the Commissioner of Human Services from adopting rules relating to quality oversight for commercial health maintenance organizations or other health plans that are subject to the Health Plan Improvement Act.

**Committee Amendment "A" (S-608)** is the majority report of the committee and replaced the bill. The amendment proposed to designate any rules of the Department of Human Services that relate to quality oversight of health maintenance organizations and other carriers as major substantive rules subject to legislative review by the Joint Standing Committee on Banking and Insurance. Committee Amendment "A" was adopted in the House, but was not adopted in the Senate.