

# MAINE STATE LEGISLATURE

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*State Of Maine  
120th Legislature*

*First Regular Session*

*Bill Summaries*

*Joint Standing Committee  
on  
Banking and Insurance*

*August 2001*

**Members:**

*Sen. Lloyd P. LaFountain III, Chair  
Sen. I. Joel Abromson  
Sen. Neria R. Douglass*

*Rep. Christopher P. O'Neil, Chair  
Rep. Benjamin F. Dudley  
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Rep. Florence T. Young  
Rep. John M. Michael*

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**Maine State Legislature**  
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**120th Legislature**  
**First Regular Session**

**Summary Of Legislation Before The Joint Standing Committees**  
**August 2001**

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing 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 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:

*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*  
*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 First Regular Session (unless otherwise specified in a particular law) is **September 21, 2001**.

*David E. Boulter, Director*  
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## Joint Standing Committee on Banking and Insurance

partners to sign an affidavit attesting that the definition of a domestic partner is met and that, after terminating a domestic partnership, a health plan member may not enroll another domestic partner for at least 12 months.

The amendment also proposed to allow carriers to provide domestic partner benefits to policyholders that do not comply with the requirements of the bill. The provisions would apply to all policies and contracts issued or renewed on or after January 1, 2002.

### *Enacted law summary*

Public Law 2001, chapter 347 requires health carriers to offer policies providing coverage for domestic partners of health plan members under the same terms and conditions as coverage for spouses of health plan members. Carriers are required to make the offer of coverage to the individual or group policyholder, not to each member covered under a group policy. Under the law, the cost of providing the domestic partner benefits must be paid by the policyholder or member covered under the policy.

Further, the law allows carriers to negotiate policies providing domestic partner benefits that do not comply with the requirements of chapter 347 if the policyholder rejects the offer of coverage in accordance with chapter 347.

Public Law 2001, chapter 347 defines domestic partners as persons who have been legally domiciled with one another for at least 12 months, who are not legally married to or legally separated from another individual, who are mentally competent and who are each other's sole domestic partner and intend to remain so. The law allows carriers to require domestic partners to sign an affidavit attesting that the definition of domestic partner has been met as a condition providing the benefit. The law prohibits a health plan member from enrolling another domestic partner until at least 12 months after terminating a prior domestic partner relationship.

Public Law 2001, chapter 347 requires that carriers make the offer of coverage for domestic partner benefits in all individual and group policies issued or renewed on or after January 1, 2002.

**LD 1729**

**An Act to Amend the Maine Banking Code**

**PUBLIC 211**

<u>Sponsor(s)</u> O'NEIL LAFOUNTAIN	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-247
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LD 1729 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1729 proposed to make several technical changes to the Banking Code.

1. It amends the confidential financial records law to specifically permit a financial institution to respond to a request from the Department of Labor.
2. It amends the current formula for assessments paid by nondepository trust companies, establishing a base rate that is consistent with assessments paid by depository institutions and the ability for the superintendent to change the rate or further define fiduciary assets under management through rulemaking.

## Joint Standing Committee on Banking and Insurance

3. It establishes an assessment to be paid by an uninsured bank or merchant bank to be consistent with the assessment paid by other state-chartered depository or nondepository institutions.
4. It removes the requirement that original signatures attesting to the condition and income reports be filed with the Department of Professional and Financial Regulation, Bureau of Banking.
5. It clarifies state law with respect to filing notice for use of restrictive terms such as "savings bank" or "trust and banking company."
6. It enacts a provision to recognize that financial institutions and credit unions now utilize the Internet to deliver products and services.
7. It repeals a provision that requires a financial institution to have a branch in the State in order to operate a satellite facility or an automated teller machine.
8. It corrects a reference to the abandoned property law.
9. It changes the notice requirement necessary for a financial institution to engage in a closely related activity or to have a subsidiary engage in a closely related activity from not later than 10 business days after consummating the transaction to at least 30 days prior to consummating the transaction. The bill also gives the Superintendent of the Bureau of Banking the flexibility to require a full application in certain unique circumstances.
10. It clarifies banking law with respect to "unauthorized business."
11. It realigns law relating to credit union field of membership to include nonnatural persons in a field of membership. Current law utilizes the term "limited members" in lieu of the term "nonnatural persons," which is used in the Federal Credit Union Act and implementing regulations. Also current state law places restrictions and limitations for limited members that are not imposed under federal law. This bill establishes parity in this area.
12. It provides parity between state and federally chartered credit unions by clarifying state law as follows. It permits state chartered credit unions to accept deposits and shares of other federally insured credit unions. It alters the process and timing for verification of accounts. It removes outdated limitations on the sale of credit union assets.
13. It clarifies credit union merger and acquisition statutes to more closely parallel federal credit union law.
14. It clarifies the definition of "control" under bank holding company laws.
15. It makes technical changes to the application requirements for a financial institution holding company to engage in closely related activities.
16. It treats companies that own uninsured banks in the same fashion as companies that own merchant banks and nondepository trust companies with respect to the application of the Maine bank holding company laws.

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**Committee Amendment "A" (H-247)** proposed to do the following:

1. It clarifies the application of the statutory definition of nonnatural person as it relates to credit union field of membership.
2. It clarifies the Department of Professional and Financial Regulation, Bureau of Banking's examination authority with respect to bank or credit union affiliates and service corporations.
3. It adds a cross-reference to the Uniform Commercial Code.
4. It adds a fiscal note to the bill.

### *Enacted law summary*

Public Law 2001, chapter 211 makes several technical changes to the Banking Code.

1. It amends the confidential financial records law to specifically permit a financial institution to respond to a request from the Department of Labor.
2. It amends the current formula for assessments paid by nondepository trust companies, establishing a base rate that is consistent with assessments paid by depository institutions and the ability for the superintendent to change the rate or further define fiduciary assets under management through rulemaking.
3. It establishes an assessment to be paid by an uninsured bank or merchant bank to be consistent with the assessment paid by other state-chartered depository or nondepository institutions.
4. It removes the requirement that original signatures attesting to the condition and income reports be filed with the Department of Professional and Financial Regulation, Bureau of Banking.
5. It clarifies state law with respect to filing notice for use of restrictive terms such as "savings bank" or "trust and banking company."
6. It enacts a provision to recognize that financial institutions and credit unions now utilize the Internet to deliver products and services.
7. It repeals a provision that requires a financial institution to have a branch in the State in order to operate a satellite facility or an automated teller machine.
8. It corrects a reference to the abandoned property law.
9. It changes the notice requirement necessary for a financial institution to engage in a closely related activity or to have a subsidiary engage in a closely related activity from not later than 10 business days after consummating the transaction to at least 30 days prior to consummating the transaction. The law also gives the Superintendent of the Bureau of Banking the flexibility to require a full application in certain unique circumstances.
10. It clarifies banking law with respect to "unauthorized business."

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11. It realigns law relating to credit union field of membership to include nonnatural persons in a field of membership. Current law utilizes the term "limited members" in lieu of the term "nonnatural persons," which is used in the Federal Credit Union Act and implementing regulations. Also current state law places restrictions and limitations for limited members that are not imposed under federal law. The law establishes parity in this area.
12. It provides parity between state and federally chartered credit unions by clarifying state law as follows. It permits state chartered credit unions to accept deposits and shares of other federally insured credit unions. It alters the process and timing for verification of accounts. It removes outdated limitations on the sale of credit union assets.
13. It clarifies credit union merger and acquisition statutes to more closely parallel federal credit union law.
14. It clarifies the definition of "control" under bank holding company laws.
15. It makes technical changes to the application requirements for a financial institution holding company to engage in closely related activities.
16. It treats companies that own uninsured banks in the same fashion as companies that own merchant banks and nondepository trust companies with respect to the application of the Maine bank holding company laws.
17. It clarifies the Department of Professional and Financial Regulation, Bureau of Banking's examination authority with respect to bank or credit union affiliates and service corporations.

**LD 1730**

**An Act to Adopt the National Association of Insurance  
Commissioners' Model Insurance Producer Licensing Act**

**PUBLIC 259**

<u>Sponsor(s)</u> MAYO LAFOUNTAIN	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-327
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LD 1730 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1730 proposed to adopt the Producer Licensing Model Act of the National Association of Insurance Commissioners in order to help create a system of national reciprocity for insurance producer licensing, create uniform standards for key areas of producer licensing and preserve the authority of states to license insurance producers, under Federal Public Law 106-102, known as the Gramm-Leach-Bliley Act.

The model act is the result of an extensive initiative coordinated by the National Association of Insurance Commissioners, with the goal of achieving reciprocity among the states and uniformity as to key areas, regarding producer licensing. Adoption of such standards by a majority of the states is necessary to preserve their authority to license insurance producers.

The Gramm-Leach-Bliley Act's specific mandate is that a majority of the states must either enact uniform laws and regulations governing the licensing of individuals and entities authorized to sell and solicit the purchase of insurance within the states or achieve reciprocity regarding these issues. If states do not enact uniform laws and regulations