

# 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*

*Rep. Nancy B. Sullivan*

*Rep. Marilyn E. Canavan*

*Rep. Lisa T. Marrache*

*Rep. William J. Smith*

*Rep. Arthur F. Mayo III*

*Rep. Kevin J. Glynn*

*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*  
 Offices Located in the State House, Rooms 101/107/135

## Joint Standing Committee on Banking and Insurance

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

## Joint Standing Committee on Banking and Insurance

or enact a system of reciprocal licensing by November 12, 2002, the National Association of Registered Agents and Brokers would be established to provide a mechanism through which uniform licensing, appointment, continuing education and other insurance producer sales qualification requirements and conditions would be adopted and applied on a multistate basis. The bill adopts the model act as a new subchapter in the Maine Revised Statutes, Title 24-A, chapter 16. It also revises corresponding provisions regarding adjuster and consultant licensing, to avoid having 2 licensing procedures in place, thereby maintaining internal uniformity as well. The bill also reorganizes some of the structure of the existing Title 24-A, chapter 16, so that the flow of the process will remain logical with the addition of the new subchapter, and makes technical changes to existing law to ensure consistency with the model act.

**Committee Amendment "A" (H-327)** proposed to clarify the immunities provision in the bill. The amendment also proposed to clarify that documents or other material held by the Department of Professional and Financial Regulation, Bureau of Insurance relating to the licensing of an insurance producer is confidential and not subject to subpoena or discovery in a private civil action unless disclosure is ordered by a court for good cause.

The amendment also corrected cross-references and added a fiscal note to the bill.

### *Enacted law summary*

Public Law 2001, chapter 259 adopts 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 or enact a system of reciprocal licensing by November 12, 2002, the National Association of Registered Agents and Brokers would be established to provide a mechanism through which uniform licensing, appointment, continuing education and other insurance producer sales qualification requirements and conditions would be adopted and applied on a multistate basis.

Public Law 2001, chapter 259 adopts the model act as a new subchapter in the Maine Revised Statutes, Title 24-A, chapter 16. It also revises corresponding provisions regarding adjuster and consultant licensing, to avoid having 2 licensing procedures in place, thereby maintaining internal uniformity as well. The law also reorganizes some of the structure of the existing Title 24-A, chapter 16, so that the flow of the process will remain logical with the addition of the new subchapter, and makes technical changes to existing law to ensure consistency with the model act.