

# MAINE STATE LEGISLATURE

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*State Of Maine  
121st Legislature*

*First Regular Session*

*Bill Summaries*

*Joint Standing Committee  
on  
Insurance and Financial Services*

*July 2003*

**Members:**

*Sen. Lloyd P. LaFountain III, Chair*

*Sen. Neria R. Douglass*

*Sen. Arthur F. Mayo III*

*Rep. Christopher P. O'Neil, Chair*

*Rep. Marilyn E. Canavan*

*Rep. Joseph C. Perry*

*Rep. Bonita J. Breault*

*Rep. Anne C. Perry*

*Rep. Kevin J. Glynn*

*Rep. Florence T. Young*

*Rep. Lois A. Snowe-Mello*

*Rep. Michael A. Vaughan*

*Rep. Richard G. Woodbury*

**Staff:**

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# Maine State Legislature



## Office Of Policy And Legal Analysis Office Of Fiscal And Program Review

### 121st Maine Legislature First Regular Session

#### Summary Of Legislation Before The Joint Standing Committees

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

<i>CARRIED OVER PURSUANT TO HP 1212</i> .....	<i>Bills carried over to the 2<sup>nd</sup> Regular Session</i>
<i>CON RES XXX</i> .....	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i> .....	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN BODIES</i> .....	<i>House &amp; Senate disagree; bill died</i>
<i>DIED IN CONCURRENCE</i> .....	<i>One body accepts ONTP report; the other indefinitely postpones the bill</i>
<i>DIED ON ADJOURNMENT</i> .....	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i> .....	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT/FINAL PASSAGE</i> .....	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</i> .....	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i> .....	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>NOT PROPERLY BEFORE THE BODY</i> .....	<i>Ruled out of order by the presiding officers; bill died</i>
<i>INDEF PP</i> .....	<i>Bill Indefinitely Postponed</i>
<i>ONTP</i> .....	<i>Ought Not To Pass report accepted</i>
<i>OTP-ND</i> .....	<i>Committee report Ought To Pass In New Draft</i>
<i>P&amp;S XXX</i> .....	<i>Chapter # of enacted Private &amp; Special Law</i>
<i>PASSED</i> .....	<i>Joint Order passed in both bodies</i>
<i>PUBLIC XXX</i> .....	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i> .....	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i> .....	<i>Bill held by Governor</i>
<i>VETO SUSTAINED</i> .....	<i>Legislature failed to override Governor's Veto</i>

Please note that the effective date for all non-emergency legislation enacted in the First Regular Session (unless otherwise specified in a particular law) is September 13, 2003.

**David C. Elliott, Director**  
Offices located in Room 215 of the Cross Office Building

## *Joint Standing Committee on Insurance and Financial Services*

the funds are sent directly from the consumer's accounts to the creditors rather than being sent first to the debt management company.

### *Enacted Law Summary*

Public Law 2003, chapter 172 amends the Nonprofit Debt Management Services Act to clarify that the Act protects a consumer who pays a fee to have a company negotiate with and arrange installment or reduced payments to creditors, even if the funds are sent directly from the consumer's accounts to the creditors rather than being sent first to the debt management company.

**LD 1481**

### **An Act To Clarify Provisions Governing Corporate-owned Life Insurance Policies**

**PUBLIC 173**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL LAFOUNTAIN	OTP	

LD 1481 proposed to add 3 technical amendments to provisions governing a corporation's insurable interest in the lives of its employees, the Maine Revised Statutes, Title 24-A, section 2404, subsection 3.

1. It clarifies that a corporation may have an insurable interest in individuals, such as certain key officers and directors.
2. It clarifies that the proceeds created by a life insurance funded employee benefit program must benefit at least a broad class of employees.
3. It would expressly permit a trust to act as policyholder for corporate-owned life insurance plans.

### *Enacted Law Summary*

Public Law 2003, chapter 173 clarifies that a corporation may have an insurable interest in the life of individual employees, such as certain key officers and directors, and that the proceeds created by a life insurance funded employee benefit program must benefit at least a broad class of employees. The law also expressly permits a trust to act as policyholder for corporate-owned life insurance plans.

**LD 1489**

### **An Act To Update and Amend the Revised Maine Securities Act**

**PUBLIC 201**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN O'NEIL	OTP-AM	S-91

LD 1489 proposed to do the following:

1. It clarifies that sales representatives acting for an issuer in effecting any securities transactions are only exempt from licensing requirements if they are bona fide employees of the issuer;

## *Joint Standing Committee on Insurance and Financial Services*

2. It clarifies existing broker-dealer and investment adviser branch office fees and specifies that a branch location
3. that is the office of both an affiliated broker-dealer and investment adviser will not be assessed duplicative fees;
4. It clarifies that, with respect to successor firms, neither sales representatives nor investment adviser representatives will be required to be relicensed;
5. It adds abandonment provisions with fee retention for applications, filings, exemptions and federal covered securities;
6. It adds business plans to the list of sales and advertising materials that may be required to be filed with the Securities Administrator;
7. It repeals expired transitional language;
8. It adds a provision for the public disclosure of confidential information for public protection purposes; and
9. It eliminates the hearing requirement prior to the issuance of a federal or another states' subpoena when the alleged violation would also be a violation of Maine law.

**Committee Amendment "A" (S-91)** proposed to clarify that the exemption from sales representative licensing applies to bona fide employees of the securities issuer and to bona fide directors, officers, partners or members of the securities issuer.

### ***Enacted Law Summary***

Public Law 2003, chapter 201 makes several changes to update the Revised Maine Securities Act, including clarifying that sales representatives acting for an issuer in effecting any securities transactions are only exempt from licensing requirements if they are bona fide employees of the issuer; clarifying that a branch location that is the office of both an affiliated broker-dealer and investment adviser will not be assessed duplicative fees; allowing the Office of Securities to retain fees when applications, filings, exemptions and federal covered securities are abandoned; adding business plans to the list of sales and advertising materials that may be required to be filed with the Securities Administrator; and eliminating the requirement that a hearing be held prior to the issuance of a federal or another states' subpoena when the alleged violation would also be a violation of Maine law.