

MAINE STATE LEGISLATURE

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*State Of Maine
121st Legislature*

*Second Regular Session and
Second Special Session*

Bill Summaries

*Joint Standing Committee
on
Insurance and Financial Services*

May 2004

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:

Colleen McCarthy Reid, Legislative Analyst

Office of Policy and Legal Analysis

13 State House Station

Augusta, ME 04333

(207) 287-1670

Maine State Legislature



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

*121st Maine Legislature
Second Regular Session and
Second Special 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/billsumm.htm).

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
- P&S XXX..... Chapter # of enacted Private & Special Law
- PASSED..... Joint Order passed in both bodies
- 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 that the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is April 30, 2004; and non-emergency legislation enacted in the Second Special Session is July 30, 2004. Four bills (LD's 1572, 1629, 1636 and 1637) that were considered at the First Special Session in August 2003 are also included in these summaries.

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

Joint Standing Committee on Insurance and Financial Services

LD 1907

An Act To Govern and Regulate Life Settlements

PUBLIC 636

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL MAYO	OTP-AM	H-796 H-849 O'NEIL

LD 1907 was submitted pursuant to Public Law 2003, chapter 320, which directed the Superintendent of Insurance to convene a working group to review current law on viatical settlement contracts and to submit recommended legislation to specifically permit life settlement contracts and to make any other necessary changes to the laws regulating viatical settlement contracts. Maine law currently permits the use of viatical settlements but does not permit life settlements. While both settlements involve the sale of a life insurance policy or certificate for consideration, viatical settlements may be entered into only when the insured is either chronically or terminally ill, whereas, under a life settlement contract, these criteria need not be present. LD 1907 proposed to amend Maine's current law on viatical settlement contracts to expressly permit life settlement contracts in accordance with requirements similar to those applicable to viatical settlements. The bill also makes other technical changes consistent with the most recently adopted National Association of Insurance Commissioners Viatical Settlements Model Act.

Committee Amendment "A" (H-796) proposed to make the following changes to the bill.

1. It deletes language referring to an award of attorney's fees and costs to a prevailing party in a tort action arising out of activities related to the regulation of viatical or life settlements.
2. It makes a change to the definition of settlement provider to correct a reference to supervised lenders and to delete a reference to a settlement purchaser.
3. It corrects 2 inadvertent references to a viatical settlement.
4. It requires the Bureau of Insurance to submit a report by February 1, 2006 to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters on the market conditions for life settlements and any problems related to the regulation of life settlements.

House Amendment "A" (H-849) proposed to clarify that the Viatical Settlements Act does not preempt the regulatory requirements in the Revised Maine Securities Act.

Enacted Law Summary

Maine law currently permits the use of viatical settlements but does not permit life settlements. While both settlements involve the sale of a life insurance policy or certificate for consideration, viatical settlements may be entered into only when the insured is either chronically or terminally ill, whereas, under a life settlement contract, these criteria need not be present. Public Law 2003, chapter 636 amends Maine's current law on viatical settlement contracts to expressly permit life settlement contracts in accordance with requirements similar to those applicable to viatical settlements. The law also makes other statutory changes that are consistent with the most recently adopted National Association of Insurance Commissioners Viatical Settlements Model Act.