

MAINE STATE LEGISLATURE

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STATE OF MAINE
123RD LEGISLATURE
FIRST REGULAR SESSION



Summaries of bills and adopted amendments and laws enacted or finally passed during the First Regular Session of the 123rd Maine Legislature coming from the

**JOINT STANDING COMMITTEE ON INSURANCE AND
FINANCIAL SERVICES**

July 2007

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STATE OF MAINE

123RD LEGISLATURE

FIRST REGULAR SESSION

LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS



This *Legislative Digest of Bill Summaries and Enacted Laws* summarizes all bills and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 123rd Maine Legislature, which was in session from December 6, 2006 to June 21, 2007.

The *Digest* is arranged alphabetically by committee, and within each committee by LD number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. The appendices include a summary of relevant session statistics, an index of all bills by LD number and an index of enacted laws by law type and chapter number.

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 (or Accepted ONTP report).....	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 non-emergency legislation enacted in the First Regular Session is **September 20, 2007**. The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills.

Joint Standing Committee on Insurance and Financial Services

**LD 635 An Act To Amend the Banking Laws Regarding Industrial Loan
Company Reciprocity across State Lines**

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT PERRY J	ONTP	

LD 635 defines "commercial activity" in the banking laws and clarifies that out-of-state financial institutions and their affiliates, like Maine financial institutions and their affiliates, are prohibited from conducting any commercial activity at in-state branches and may not conduct any commercial activity within Maine.

LD 635 and a related bill, LD 100, were voted "Ought Not to Pass" by the committee, but the substantive provisions of these bills were amended and incorporated into a committee bill, LD 1829, An Act to Amend the Banking Laws Regarding the Establishment of Branches by Financial Institutions with Affiliates That Engage in Commercial Activity. See LD 1829, which was enacted as Public Law 2007, chapter 69.

LD 658 An Act To Protect the Health of Infants

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CURTIS		H-598

LD 658 requires health insurance carriers doing business in the State to offer coverage for medically necessary infant formula in individual and group policies, contracts and certificates.

Committee Amendment "A" (H-598)

This amendment replaces the bill. While the bill mandates that health insurance carriers offer coverage for medically necessary infant formula, the amendment requires health insurance carriers to provide coverage as a mandated benefit. The amendment requires health insurance policies to cover medically necessary amino acid-based elemental infant formulas, regardless of the delivery method, for the treatment of food protein allergies and intolerances, gastrointestinal disorders and other medically diagnosed conditions in individual and group policies, contracts and certificates. Coverage must be provided for up to \$6,000 per year. The amendment applies to all policies and contracts issued or renewed on or after January 1, 2008.

LD 658 as amended by Committee Amendment "A" was enacted in the House, but placed on the Special Appropriations Table in the Senate. Upon the recommendation of the Joint Standing Committee on Appropriations and Financial Affairs, LD 658 was recommitted to the committee and carried over by joint order, H.P. 1369, to the next special or regular session of the 123rd Legislature.

**LD 675 An Act To Eliminate the Interest on Security Deposits for Mobile
Homes**

**DIED BETWEEN
HOUSES**

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

Joint Standing Committee on Insurance and Financial Services

LD 675 eliminates the requirement that a mobile home park operator pay to a tenant 4% annual interest on the security deposit deposited with the landlord by the tenant.

In the Senate, LD 675 was recommitted to the Joint Standing Committee on Insurance and Financial Services, but, in the House, the majority "Ought Not to Pass" report of the committee was accepted. LD 675 died between the bodies.

LD 682 An Act To Allow Schools in the State To Self-insure for Fire, Property and Theft Insurance

PUBLIC 84

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
NUTTING J	OTP-AM	S-41

LD 682 directs the Department of Administrative and Financial Services, Risk Management Division to develop a program to self-insure elementary and secondary schools in the State for property, fire and theft losses beginning no later than January 1, 2008.

Committee Amendment "A" (S-41)

This amendment replaces the bill. The amendment authorizes the Director of the Bureau of General Services within the Department of Administrative and Financial Services to provide insurance services to public schools if those schools meet certain criteria under existing law. The criteria include an authorization by law, approval by the Governor, the unavailability or unaffordability of coverage in the commercial insurance market and a strong public need for the services. Notwithstanding those criteria, the amendment authorizes the director to provide insurance advice to public schools.

Enacted Law Summary

Public Law 2007, chapter 84 authorizes the Director of the Bureau of General Services within the Department of Administrative and Financial Services to provide insurance services to public schools if those schools meet certain criteria under existing law. The criteria include an authorization by law, approval by the Governor, the unavailability or unaffordability of coverage in the commercial insurance market and a strong public need for the services. Notwithstanding those criteria, the law authorizes the director to provide insurance advice to public schools.

LD 687 An Act To Clarify That a Financial Institution Must Recognize a Writ of Execution To Satisfy a Creditor's Claims to Business Accounts Held by That Financial Institution

PUBLIC 88

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAVAGE D	OTP-AM	H-70

LD 687 clarifies that a financial institution must recognize an adverse claim to funds in a business account when served with a writ of execution in accordance with the Maine Revised Statutes, Title 14, section 4751. This bill also adds limited liability companies to the enumeration of entities that may have their credits taken on writ of execution.

Committee Amendment "A" (H-70)

This amendment changes the title to clarify the bill's intent and makes technical formatting changes to increase the readability of the bill. As in the bill, the amendment clarifies that a financial institution must recognize a writ of execution served on behalf of a creditor with an adverse claim to business accounts held by a financial institution. Under current law, without the clarification, creditors may be required to obtain a court-ordered injunction or