

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
124<sup>TH</sup> LEGISLATURE  
FIRST REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed during the First Regular Session of the 124<sup>th</sup> Maine Legislature coming from the

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

July 2009

**STAFF:**

COLLEEN MCCARTHY REID  
LEGISLATIVE ANALYST  
OFFICE OF POLICY AND LEGAL ANALYSIS  
13 STATE HOUSE STATION  
AUGUSTA, ME 04333  
(207) 287-1670

**MEMBERS:**

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# STATE OF MAINE

124<sup>TH</sup> 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 124<sup>th</sup> Maine Legislature.

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:

<i>CARRIED OVER</i> .....	<i>Carried over to a subsequent session of the Legislature</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; bill died</i>
<i>ONTP (or Accepted ONTP report)</i> .....	<i>Ought Not To Pass report accepted; bill died</i>
<i>P&amp;S XXX</i> .....	<i>Chapter # of enacted Private &amp; Special Law</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>

The effective date for non-emergency legislation enacted in the First Regular Session of the 124<sup>th</sup> Legislature is September 12, 2009. 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 1397 An Act To Allow Efficient Health Insurance Coverage

PUBLIC 357

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PRIEST BOWMAN	OTP-AM	H-393

This bill allows carriers to include financial incentives to members to use designated providers and gives the Superintendent of Insurance the authority to approve a financial incentive pilot program similar to the pilot program used by the State Employee Health Plan that allows companies to offer products in which consumers can choose to travel further for improved quality, patient safety and efficiency without adversely affecting quality of care. This bill also enacts again language that is scheduled to be repealed July 1, 2009 regarding limits, including geographic access requirements, on the incentives used by health plans to encourage in-network designated providers.

### Committee Amendment "A" (H-393)

This amendment makes technical changes to the bill.

### Enacted Law Summary

Public Law 2009, chapter 357 allows carriers to include financial incentives to members to use designated providers and gives the Superintendent of Insurance the authority to approve a financial incentive pilot program similar to the pilot program used by the State Employee Health Plan that allows companies to offer products in which consumers can choose to travel further for improved quality, patient safety and efficiency without adversely affecting quality of care. This law also enacts again language scheduled to be repealed July 1, 2009 regarding limits, including geographic access requirements, on the incentives used by health plans to encourage in-network designated providers.

## LD 1409 An Act To Make Technical and Supervisory Amendments to the Laws Governing Banking and Consumer Credit

PUBLIC 228

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TREAT BOWMAN	OTP-AM	H-289

This bill eases regulatory burdens under Article 6 of the Maine Consumer Credit Code by eliminating the requirement for information concerning creditors and other entities subject to Article 6 that the administrator under the Maine Consumer Credit Code does not need or that can be found elsewhere, and allows the administrator under the Maine Consumer Credit Code to collect only the information considered necessary.

Currently, the filing deadline for financial institutions organized under the laws of this State is semiannually for condition reports and annually for income reports. The bill changes the filing deadlines to quarterly for both condition and income reports.

The bill requires a nondepository trust company to report the total fiduciary assets and income under management, in order to provide a more complete picture of the nondepository trust company's operations.

The bill clarifies that a financial institution that is chartered in a state other than this State may convert to become a financial institution chartered in this State.

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

The bill clarifies that 3rd parties may seek judicial review of the activities of a receiver charged with liquidating a financial institution. The proposed amendment creates a review process for receivers that is similar to the review process that currently exists for conservators.

The bill establishes the Superintendent of Financial Institutions as a gatekeeper in deciding which activities are appropriate for state-chartered financial institutions under existing federal parity law. The bill ensures that the superintendent is informed of new activities undertaken by financial institutions and authorizes the superintendent to disapprove of any new activities based on consumer protection and safety and soundness considerations.

The bill establishes the Superintendent of Financial Institutions as a gatekeeper in deciding which activities are appropriate for state-chartered credit unions under existing federal parity law. The bill ensures that the superintendent is informed of new activities undertaken by credit unions and authorizes the superintendent to disapprove of any new activities based on consumer protection and safety and soundness considerations.

The bill allows the option of compensating those who serve on a credit union's board of directors in order to attract and retain well-qualified directors. The bill also contains an annual fee cap to prevent directors from receiving excessive compensation.

The bill clarifies the procedure with respect to the requirement that a credit union having total assets in excess of \$100,000,000 employ an independent public accountant to conduct an annual audit of the credit union.

The bill clarifies that a credit union that is chartered in a state other than this State may convert to become a credit union chartered in this State. The bill also permits a federally chartered credit union located outside of the State to convert to a credit union chartered in this State.

The bill replaces outdated terminology, "subsidiary savings institution," with current terminology, "subsidiary universal bank."

### **Committee Amendment "A" (H-289)**

This amendment does the following.

1. It removes the sections of the bill that proposed changes to the law regarding the permissible activities of state-chartered banks and credit unions under existing federal parity law.
2. It removes the section in the bill authorizing credit unions to compensate members of their boards of directors.
3. It clarifies that members of boards of directors of financial institutions are not liable to shareholders or creditors for consenting in good faith to the appointment of a receiver or conservator for a financial institution or to the acquisition by or combination with a financial institution holding company if grounds exist.

### **Enacted Law Summary**

Public Law 2009, chapter 228 eases regulatory burdens under Article 6 of the Maine Consumer Credit Code by eliminating the requirement for information concerning creditors and other entities subject to Article 6 that the administrator under the Maine Consumer Credit Code does not need or that can be found elsewhere, and allows the administrator under the Maine Consumer Credit Code to collect only the information considered necessary.

Currently, the filing deadline for financial institutions organized under the laws of this State is semiannually for condition reports and annually for income reports. The law changes the filing deadlines to quarterly for both condition and income reports. The law also requires a nondepository trust company to report the total fiduciary assets and income under management, in order to provide a more complete picture of the nondepository trust company's operations.

# Joint Standing Committee on Insurance and Financial Services

The law clarifies that a financial institution that is chartered in another state may convert to become a financial institution chartered in this State.

The law clarifies that 3rd parties may seek judicial review of the activities of a receiver charged with liquidating a financial institution. The proposed amendment creates a review process for receivers that is similar to the review process that currently exists for conservators.

The law clarifies the procedure with respect to the requirement that a credit union having total assets in excess of \$100,000,000 employ an independent public accountant to conduct an annual audit of the credit union.

The law clarifies that a credit union that is chartered in another state or a federally chartered credit union located in another State may convert to become a credit union chartered in this State.

The law replaces outdated terminology, "subsidiary savings institution," with current terminology, "subsidiary universal bank."

## LD 1418     **An Act To Preserve Home Ownership and Stabilize the Economy by Preventing Unnecessary Foreclosures**

**PUBLIC 402  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TREAT BOWMAN	OTP-AM	H-524 H-547 TREAT

This bill amends the laws pertaining to foreclosures.

1. It establishes the mandatory foreclosure mediation program within the Court Alternative Dispute Resolution Service.
2. It makes violation of provisions of the Maine Consumer Credit Code a violation of the Maine Unfair Trade Practices Act.
3. It requires that the words "judgment of foreclosure and sale," the street address of the real estate involved and the book and page number of the mortgage be on a foreclosure judgment when filed in the registry of deeds.
4. It clarifies that a foreclosure on a rental property does not terminate a tenancy.
5. It describes what a mortgagee must include in a notice of foreclosure to a mortgagor.
6. It requires a mortgagee to provide certain information to the Maine State Housing Authority about foreclosure, which the Maine State Housing Authority shall transmit to the Department of Professional and Financial Regulation.
7. It requires the Maine State Housing Authority to notify a mortgagor who is a party to a foreclosure about the mortgagor's rights and available resources as they relate to the foreclosure as well as the mandatory foreclosure mediation program. It also requires the Maine State Housing Authority to establish a statewide hotline to help mortgagors communicate with housing counselors certified by the United States Department of Housing and Urban Development.
8. It requires the Department of Professional and Financial Regulation to report quarterly on the number of