



DEPARTMENT OF

**Professional &  
Financial Regulation**

STATE OF MAINE

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF PROF. AND OCC. REGULATION

## *Program Evaluation Report*

**As Required by the Government Evaluation Act  
(3 MRSA § 955)**

**Submitted to the**

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

**And**

**Joint Standing Committee on Labor, Commerce,  
Research and Economic Development**

**November 1, 2015**

***Program Evaluation Report***

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**Department Overview**

The Department of Professional and Financial Regulation serves and protects the public through a broad range of statutorily-authorized responsibilities, such as examining and overseeing state-chartered financial institutions and bank holding companies; regulating insurance companies, agencies and producers; administering and enforcing the Maine Uniform Securities Act; regulating grantors of consumer credit; and by licensing and regulating numerous professions and occupations.

The Department protects Maine consumers through its licensing, examining and auditing activities. It conducts programs aimed at increasing voluntary compliance with State laws, investigates possible violations of law and undertakes enforcement actions. The Department responds to consumer complaints and requests for information. Staff also conducts educational outreach programs to make consumers aware of their rights under Maine laws. The Department continuously strives to enhance the resources made available to the public through online applications and public forums.

**Mission Statement**

The mission of the Department of Professional and Financial Regulation is to encourage sound, ethical business practices through high quality, impartial and efficient regulation of insurers, financial institutions, investment advisers, creditors and numerous professions and occupations for the purpose of protecting the citizens of Maine.

**History and Organization**

The Department of Business Regulation was created in October 1973 as part of a State government reorganization designed to consolidate related agencies along functional lines and strengthen executive direction. Some of the agencies originally placed under the jurisdiction of the Department were the Bureau of Banking, the Bureau of Insurance, and the Real Estate Commission.

The Special Session of the 106<sup>th</sup> Legislature established the Bureau of Consumer Credit Protection to enforce the Maine Consumer Credit Code, which became effective January 1, 1975. In 1987 the name of the Department was changed to Professional and Financial Regulation.

The Special Session of the 107<sup>th</sup> Legislature established a central licensing division, now called the Office of Professional and Occupational Regulation (OPOR).

Currently, the Department consists of a centralized Administrative Services Division, which includes the Commissioner's Office, and five agencies: the Bureau of Financial

Institutions; the Bureau of Consumer Credit Protection, the Bureau of Insurance, the Office of Securities, and the Office of Professional and Occupational Regulation.

In addition, six professional licensing boards are affiliated with the Department: the Board of Licensure in Medicine, the Maine State Board of Nursing, the Board of Dental Examiners, the Board of Registration for Professional Engineers, the Maine State Board of Optometry and the Board of Osteopathic Licensure. These “affiliated” boards are scheduled for review under the provisions of the Government Evaluation Act by the Joint Standing Committee on Labor, Commerce, Research and Economic Development in 2019.

### **Staffing and Composition**

With a position count of 184 employees, the Department is relatively small compared to other cabinet-level agencies. Due to the complex nature of its regulatory activity, the Department employs professional and technical employees, including CPAs, actuaries, attorneys and licensed inspectors.

The Department emphasizes continuing professional development, training and education. The staff is highly motivated and dedicated to quality regulation and public service.

### **Department Funding Source**

The Department is funded entirely through dedicated revenue sources. As a result, each organizational unit within the Department is funded by a combination of licensing, examination, assessment, volume and filing fees paid by the regulated individuals or entities.

The Department contributes significantly to the General Fund through the Office of Securities’ registration and licensing fees, as well as fines collected from other Department agencies and periodic transfers of Other Special Revenue funds.

***DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION***

***ADMINISTRATIVE SERVICES DIVISION***

***A. Enabling or Authorizing Law***

The Administrative Service Division is authorized through 10 MRSA §8003.

***B. Description of Programs***

The Administrative Services Division coordinates administrative and legislative support for all bureaus, offices, boards and commissions within the Department. It also procures and facilitates the Department's information technology services. The Division's centralized support covers such functions as budget development, contract review, purchases, cash receipts, computer services, legislative support, public communications, reception and facility management.

The Division provides the services described above for the entire Department. Additionally, the Division is responsible for ordering and arranging for the services provided to all units by outside staff agencies, including the Department of Administrative and Financial Services – Service Centers, the building owner and by private parties and vendors.

The Division manages the development and administration of the Department's centralized licensing database. Technical support for all Department computer services is provided by or procured through the Office of Information Technology.

The Commissioner is the administrative head of the Department. In this capacity, the Commissioner provides centralized budgeting coordination, initiates and monitors all policy implementation and strategic planning, and directs the day-to-day management of the Department. The Commissioner develops the Department's legislative program and coordinates it within the Department and with the Administration.

The Commissioner is responsible for reviewing the policy and operation of agencies within the Department to insure that each complies with its statutory and public service responsibilities. The Commissioner may not interfere with the exercise of discretionary regulatory or licensing authority vested by statute directly in the bureaus, offices, boards and commissions of the Department.

In the case of affiliated boards, the Commissioner acts as a liaison with the Governor and with other units of state government. Affiliated boards submit their budgets through the Department.

### ***C. Organizational Structure***

The Administrative Services Division is headed by the Commissioner and presently has 7 authorized positions.

There are distinct functional units within the Administrative Services Division. The Office of Commissioner serves as the central point of leadership within the Department. The Commissioner's Office coordinates Department-wide strategic planning and policy development; serves as the primary contact for the Governor's Office, the Legislature and other governmental agencies; facilitates communications with the public and media; and ensures intra-agency cooperation and collaboration.

The Administrative Unit provides centralized fiscal and facility management for the Department, while the Information Systems Support Services Unit coordinates automation and electronic communication objectives.

A Divisional organizational chart is found in Attachment A. It outlines the Division's personnel structure and relationship to the Department.

### ***D. Repealed, P.L. 2013 c. 307***

### ***E. Financial Summary***

The Division's financial summary is found in Attachment A.

### ***F. Repealed, P.L. 2013, c. 307***

### ***G. Areas of Coordination with Other State and Federal Agencies***

The Division is the primary liaison to the State Budget Office, the Controller's Office, the Department of Audit, the Legislature and the Governor's Office.

The Division also works closely with the Administrative and Information Technology Service Centers within the Department of Administrative and Financial Services (DAFS) to coordinate support for the agencies and boards within the Department.

### ***H. Constituencies***

The Division primarily serves to support the agencies within and the boards affiliated with the Department.

### ***I. Alternative Delivery Systems***

In coordination with the Office of Information Technology, the Division has made aggressive use of information technology to assist agencies within the Department. In the past ten years, this cooperative effort has resulted in the addition of online initial licensing, online license renewal services, many downloadable forms, online licensee search features and many other electronic processes.

### ***J. Emerging Issues***

Not applicable to the Administrative Services Division.

### ***K. Information Specifically Requested by Committee***

None requested.

### ***L. Comparison of Related Federal Laws and Regulations***

Not applicable to the Administrative Services Division.

### ***M. Collecting, Managing and Using Personal Information***

Agencies within the Department of Professional and Financial Regulation collect personal information in a variety of ways. For purposes of this policy, "personal information" includes but is not limited to address, telephone number, and financial and medical information. Social Security Numbers and personal information are collected on license applications and during complaint investigations and compliance examinations.

The Department's policy is intended to raise awareness of employees about the proper use of Social Security Numbers and personal information; to prevent the indiscriminate release of such personal information; and to establish a procedure to assure that public and Freedom of Access (FOAA) requests are made and responded to in accordance with the law.

Several factors make such awareness important. First, State law provides that information in the State's possession is generally available to the public unless it is deemed confidential by statute. Second, the Department is taking steps to provide more and more information to the public via its Internet websites. Third, at the state and national levels, increased attention and concern are focused on issues of privacy and access to sensitive, personal information.

#### ***Department of Professional and Financial Regulation Policy***

1. PFR employees should not disclose or release Social Security Numbers contained in agency files. PFR employees receive frequent requests for copies of license

- applications and lists of licensees. Employees should redact all Social Security Numbers before sending out documents responsive to these requests.
2. Each agency should designate an attorney or manager responsible for processing and responding to requests for personal information, including FOAA requests. If a PFR employee receives a request from the public to review or copy documents containing personal information, the employee shall ask that the request be in writing. In addition, all responses to such requests shall be reviewed by the designated attorney or manager.
  3. In processing a public or FOAA request, each agency should redact information protected by statute. In addition, the agency should determine whether the request can be responded to without supplying other personal information. Each agency may have specific information which is protected by law or regulation.
  4. When posting information on PFR's website, agencies should *not* post personal information, such as home addresses and telephone numbers. An exception to this rule would be in cases in which such information is directly applicable to a licensee's business, such as when a home address is also a business address or a home telephone number is also a business telephone number. Under no circumstances should Social Security Numbers be posted.
  5. Each agency should use its best efforts when collecting information to provide notice regarding whether the information will be treated as public or confidential information.

#### ***N. List of Reports, Applications and Other Paperwork***

The Division coordinates all financial and budgetary reporting, including annual report submissions, biennial budgets, annual work programs, GAAP closing, SEFA reporting, audit statements and various others required by the Department of Administrative and Financial Services.

#### ***O. List of Reports Required by the Legislature***

None required.

#### ***P. List of Organizational Units and Programs***

See Attachment A

#### ***Q. Statutory Provisions Requiring Legislative Review***

None.



**DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**BUREAU OF FINANCIAL INSTITUTIONS**

***A. Enabling or Authorizing Law***

The Bureau of Financial Institutions is authorized through 9-B MRSA §111 and §121; and 9-A MRSA §1-301(2).

***B. Description of Programs***

The Bureau of Financial Institutions supervises all state-chartered financial institutions including banks, credit unions, and non-depository trust companies. The mission of the Bureau is to maintain and promote safe and sound financial practices; ensure the strength, stability, and efficiency of all financial institutions; ensure reasonable and orderly competition, thereby encouraging the development and expansion of financial services advantageous to the public welfare; and to maintain close cooperation with other supervisory authorities.

In cases in which a financial institution is a creditor, the Bureau is the administrator of the Maine Consumer Credit Code. Pursuant to this authority, the Bureau supervises financial institutions in such a way as to protect consumers against unfair practices by financial institutions that provide consumer credit, to provide consumer education and to encourage the development of economically sound credit practices.

The following programs are administered by the Bureau with equal priority:

- Safety and soundness examination of Maine financial institutions (state-chartered banks, credit unions and non-depository trust companies). Exam teams visit Maine financial institutions to analyze and rate capital, asset quality, management, earnings and liquidity. Examinations also include evaluation of anti-money laundering (Bank Secrecy Act) efforts and information technology.
- Compliance examination of Maine financial institutions, including evaluation of compliance with the Maine Consumer Credit Code and Maine's Truth-in-Lending Act. The Bureau also reviews advertising credit reporting; deposit account disclosures; third party broker arrangements; funds availability policies, and privacy of consumer information.
- Application review, including review of applications for financial institution charters, corporate changes, expansions, mergers, acquisitions, conversions, branches, and modifications to credit union field of membership.
- Consumer dispute mediation, education and outreach, including investigation of complaints involving improper financial institution conduct. The Bureau's Consumer Outreach Program has a designated Consumer Outreach Specialist available to answer questions related to the business of financial institutions, mediate complaints, and engage in off-site training programs. Additionally, the Bureau has educational materials available on its website covering financial laws

and regulations, ID theft, credit reports, consumer scams, and foreclosure assistance and counseling.

- Administration of the Maine Banking Code, including industry support and guidance on application of Code, issuance of advisory opinions, and efforts to modernize and streamline law and regulations. Activities also include in-office financial data collection and research and analysis of the condition and activities of Maine financial institutions. The Bureau also participates in the legislative process, either with its own initiatives, or in response to requests for information by legislative committees on other initiatives related to financial institutions, consumer lending, or data breaches.
- Enforcement activities including issuance of cease and desist orders due to unsafe or unsound practices, violations of laws or breach of other conditions imposed on financial institutions by the Superintendent.

The Bureau measures its performance through the completion of its responsibilities within the statutory timelines required for examinations and application processing. Pursuant to § 221 of the Banking Code, the Superintendent must examine each financial institution organized under Maine law at least once every 36 months or more frequently as the Superintendent deems necessary. These examinations are often scheduled in conjunction with federal regulators in order to maximize regulatory resources and minimize industry disruption. In the past five years the Bureau has completed 83 safety and soundness examinations and 223 special examinations (e.g. compliance, trust & IT). The Bureau has met its examination and application review responsibilities and has processed consumer complaints generally within 1-4 days.

### ***C. Organizational Structure***

The Bureau is headed by a Superintendent and presently has 19 authorized positions.

The Bureau is divided into two functional groups: an Examination and Supervision Division and a Research, Administration and Legal Affairs Division. The Bureau's organizational chart is found in Attachment B.

### ***D. Repealed, P.L. 2013, c. 307***

### ***E. Financial Summary***

The Bureau's financial summary is found in Attachment B.

### ***F. Repealed, P.L. 2013, c. 307***

## ***G. Areas of Coordination with Other State and Federal Agencies***

### *Department of the Secretary of State*

The Bureau provides notice to the Department of the Secretary of State when approving new bank charters, mergers, or acquisitions. The Bureau works with applicants to ensure that related corporate filings are complete and filed in a timely manner. The Bureau also coordinates with the Department of the Secretary of State to ensure compliance with “restricted terms” provisions of the Banking Code. In order for entities to use certain terms, such as “bank,” “savings,” “trust,” and derivatives thereof in corporate documents, prior approval from the Bureau is required unless the applicant is a chartered financial institution.

### *Office of the State Treasurer*

The Bureau works closely with the Abandoned Property Division of the Office of the State Treasurer to administer Maine law requiring that unclaimed property (including financial institution deposit accounts) remaining inactive for three years be escheated to the State. The Bureau performs periodic on-site examinations of state-chartered financial institutions to ensure compliance.

### *Office of the Attorney General*

The Office of the Attorney General represents the Bureau of Financial Institutions in administrative hearings or other litigation proceedings. The Office of the Attorney General also assists the Bureau in drafting and reviewing enforcement actions and rules. The Bureau may refer complaints of suspected criminal activities, fraud, and unlicensed activity to the Office of the Attorney General and work in cooperation with assistant attorneys general during the investigative phases of these matters and in matters related to consumer complaints.

### *Federal Agencies and National Associations*

The Bureau coordinates policy, examination, applications, and safety and soundness issues with the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Federal Reserve Bank of Boston, the Federal Reserve Board, and the National Credit Union Administration. The Bureau has recently entered into a Memorandum of Understanding with the Consumer Financial Protection Bureau to share information relating to complaints made to the Bureau regarding nationally-chartered financial institutions. Utilizing a new regulator interface, the Bureau tracks complaints as they progress through federal agencies to further assist consumers during this process.

## ***H. Constituencies***

The Bureau's primary constituencies are Maine's consumers and the 43 state-chartered financial institutions (19 banks, 12 credit unions, 11 trust companies and 1 merchant bank) with assets totaling approximately \$17.3 billion. Due to interstate banking/branching, the universal bank charter and "niche" banks, bank assets under supervision continue to evolve. Recently, the Bureau has received and considered several applications to form financial institution mutual holding companies and new non-depository trust companies, and has approved branching activities for a loan production office.

## ***I. Alternative Delivery Systems***

The Bureau has implemented the initiatives outlined below in an effort to enhance cost-effective regulation of state-chartered financial institutions:

- Divided examination programs--alternating on-site examinations with the appropriate federal agency;
- Continued use of joint examinations--alternating on-site examinations with two or more regulatory agencies, producing one report;
- Continued use of an off-site component--initial preparatory and/or analytical work of an examination is conducted off-site (usually Bureau headquarters), saving the financial institution the expense of examiner travel and disruption by the examination team conducting on-site exams;
- Scheduling of examinations based upon asset size and condition--financial institutions under \$500 million in assets and with an examination rating of 1 or 2 may have examination frequency expanded to once every 18 months.

The Bureau has also entered into cooperative examination and information-sharing agreements with other state and federal regulatory agencies. This provides for comprehensive oversight of banks with minimum expenditure of state resources, and enhances the delivery of quality services to Maine people and businesses.

Regarding services for consumers, the Bureau employs a full range of delivery methods. The Bureau's website ([www.maine.gov/pfr/financialinstitutions/](http://www.maine.gov/pfr/financialinstitutions/)) provides access to consumer protection services and hosts educational materials relating to financial management, security, and fraud prevention. The Bureau also employs a Consumer Outreach Specialist to help resolve consumer complaints, answer questions, and conduct educational outreach seminars.

The Bureau requires a well-trained staff of specialized bank examiners and other professional personnel to fulfill its statutory duties. The agency provides continuing education for staff so that members stay well-informed of a challenging and ever-changing regulatory landscape. The Bureau continues to experiment with on-site training and education in an effort to save on educational costs by utilizing online training materials and by bringing educators to the Bureau to conduct pertinent banking seminars.

### **Residential Real Estate Loans and Foreclosures**

The Bureau conducts a quarterly survey of state-chartered banks and credit unions regarding foreclosure activity on first-lien residential real estate mortgages in Maine. The survey also compiles information on residential real estate loan originations, sales, and delinquencies. The data collected is limited to the 31 banks and credit unions that have been state-chartered since year-end 2006, and does not include data from entities not regulated by the Bureau, such as federally-chartered banks, federally-chartered credit unions, and mortgage companies licensed to do business in Maine.

Following the nationwide financial crisis of 2008, foreclosure activity levels in Maine rose to some of the highest levels in the country. However, due to changes in federal and state law, enhanced consumer protections, and general economic improvement, the State's foreclosure inventory has begun to level off. At year-end 2014, initiated foreclosures at state-chartered financial institutions in Maine fell to the lowest number of quarterly filings since 2008, the state's foreclosure inventory returned to near pre-recession levels, and the total number of mortgage loan delinquencies declined.

### **Cyber Security and Data Breaches**

Recent high-profile data breaches and cyber-attacks on nationally-chartered financial institutions, credit card companies, federal government agencies, and large retailers have prompted federal and state banking regulators to address these emerging issues with new guidance on how to protect sensitive information.

In the summer of 2014, the Federal Financial Institutions Examination Council (FFIEC) introduced its Cybersecurity Assessment program to assist banks and credit unions prepare for cyber-attacks. The program identifies security best practices and urges board-level involvement in cyber security. Also, the Financial Services Information Sharing and Analysis Center (FS-ISAC) has brought together governmental agencies to share best practices on how to combat cyber threats. Members of FS-ISAC help identify threats and share recommended counter measures.

### **The Dodd-Frank Amendments and creation of the Consumer Financial Protection Bureau**

Representing the biggest overhaul of the American financial services industry since the Great Depression of the 1930s, the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) contains numerous provisions designed to protect consumers and ensure the integrity of the financial industry.

The Dodd-Frank Act, which was passed as a direct response to the subprime mortgage crisis of 2008, created a new federal government agency known as the Consumer Financial Protection Bureau (CFPB). The Dodd-Frank Act gave the CFPB primary

responsibility over most federal consumer protection laws, including the Truth-in-Lending Act, and required the new agency to promulgate a number of consumer protection regulations. These include anti-predatory lending provisions now adopted by reference as part of Maine's Truth-in-Lending Act. The highlights of the new law include provisions created to prevent foreclosures, including restrictions on high-cost loans and a requirement that lenders demonstrate that borrowers have the ability to repay a mortgage loan.

The Bureau of Financial Institutions has a memorandum of understanding with the CFPB that coordinates how the two agencies handle consumer complaints. When consumers contact the Bureau with complaints against institutions that are not regulated by the Bureau (federally-chartered banks), the Bureau's Consumer Outreach Specialist refers the complaints to the CFPB through a regulator interface program. This program allows the Bureau to track complaints on behalf of Maine consumers as they are processed by federal regulators.

In partnership with the Maine Council for Elder Abuse Prevention, the Maine Office of Securities, Legal Services for the Elderly, the Department of Health and Human Services, the Maine Bankers Association and the Maine Credit Union League, the Bureau helped launch the SeniorSafe statewide training initiative. The team trained over 200 front-facing bank and credit union employees to identify the warning signs of elder abuse and elder financial exploitation. The training is part of a continuing effort to help financial institutions identify scams against the elderly and direct victims to appropriate resources.

#### ***K. Information Specifically Requested by Committee***

None requested.

#### ***L. Comparison of Related Federal Laws and Regulations***

In an effort to maintain competitive equality and an even playing field between state and federally-chartered institutions, there are numerous state banking laws that are similar to federal banking laws. For example, in 2011 Maine passed the Act to Amend the Maine Consumer Credit Code to Conform with Federal Law. This Act aligned Maine Truth-in-Lending provisions with significant new consumer protections enacted under federal law as part of the Dodd-Frank Act. Maine has taken significant steps to prevent predatory lending since the 2008 Recession and continues to maintain consumer protection provisions that exceed federal standards.

#### ***M. Collecting, Managing and Using Personal Information***

The Bureau receives personal information via two of the programs it administers: investigating complaints and considering applications. All personal information the Bureau receives is confidential, pursuant to § 226 of the Maine Banking Code, and violation of this confidentiality provision may result in criminal penalties. The only

personal information the Bureau receives is provided either voluntarily by the complainant or by persons applying for a charter or change of ownership.

The Bureau’s staff uses encrypted e-mail whenever messages are sent through the State system. Additionally, those consumers submitting personal information to the Bureau via the Internet have the choice of doing so via encrypted e-mail to ensure confidentiality. Furthermore, the exchange of other bank information with federal regulators is via secure systems.

The Bureau complies with state retention policies and destroys records accordingly. Further, all documents discarded by Department employees, including those within the Bureau, are shredded.

The Bureau has adopted policies and procedures designed to enhance the security of electronic messaging and electronic data in its possession. All laptop computers have encrypted hard-drives. The Bureau has implemented an “Examination Information and Laptop Security Policy” designed primarily for field examiners, but applies to all Bureau employees assigned a laptop computer. This policy provides for the technical security of information stored on laptops, the physical security of laptops, and other measures, including the retention of data on laptop computers and security incident reporting.

The Bureau follows Security Incident Reporting procedures in the event a laptop computer, media device, or non-electronic information is lost or stolen. If data is lost, the affected examiner notifies the Deputy Superintendent of Examination and Supervision of the loss, alerts local law enforcement if theft is suspected, and later provides the Deputy with a summary of the incident.

***N. List of Reports, Applications and Other Paperwork***

**Bureau of Financial Institutions’ Reports (as of November 1, 2015):**

Report	Statutory Requirement	Date Adopted	Frequency	Number Filed	Number Filings Anticipated	Reduction Planned
Assessment	9-B MRSA §214	Included in 1975 recodification.	Quarterly	41	43	None.
Condition and Income Report	9-B MRSA §222(3)	Included in 1975 recodification.	Quarterly	42	43	None.
Maine Interstate Report	9-B MRSA §222(1)	1985 (Est.)	Quarterly	7	7	None.
Initial Notification	9-A MRSA §6-202	1996	Upon commencement of business activity in Maine.	5	5	None.
Annual Notification	9-A MRSA §6-202	1996	Annually	110	110	None.
Officer’s Questionnaire	9-B MRSA §222(3)	1978 (Est.)	Annually	30	31	None.
Changes in Capital	9-B MRSA §222(3)	1990	Semi-Annually	12	12	None.

Restricted Terms Filing	9-B MRSA §241(9)	Included in 1975 recodification.	Upon commencement of business activity in Maine.	18	20	None.
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**Bureau of Financial Institutions' Applications:** All application requirements are reviewed periodically to minimize burden on regulated entities and for consistency with federal filing requirements. Many applications have been reduced to notification if applicant meets certain criteria.

<b>Applications *</b>	<b>Statute</b>	<b>#A</b>	<b>#E</b>
Establish new bank	Chapters 31, 32	1	1
Establish, relocate, close branch	Chapter 33	17	15
Federal to state charter conversion	Chapter 34	0	0
Convert mutual to stock	Chapter 34	0	0
Merge with another FI	Chapter 35	1	0
Establish subsidiary	Chapter 44	1	2
Holding company acquisition	Chapter 101	0	0
Change in ownership	Chapter 101	1	1
Mutual holding company reorg	Chapter 105	3	2
<b>Credit Unions</b>			
Establish credit union	Chapter 81	0	1
Establish, relocate, close branch	Chapter 82	3	5
Federal to state charter conversion	Chapter 87	0	1
Merge with another CU	Chapter 87	0	2

\* Applications are only filed when an institution initiates the proposed activity  
 #A applications filed between 7/1/13 and 6/30/15  
 #E applications anticipated between 7/1/15 and 6/30/17

***O. List of Reports Required by the Legislature***

The Bureau of Financial Institutions, pursuant to §217 of the Maine Banking Code, is required to file annually with the Joint Standing Committee on Insurance and Financial Services the Annual Report from the Superintendent of the Bureau of Financial Institutions to the Maine Legislature. This report is due on January 15th of each year, and includes detailed information on the number, types, and legal structures of all regulated financial institutions in the State, the locations of all offices, and total deposits held by these institutions.

***P. List of Organizational Units and Programs***

See Attachment B for the Organizational Chart and see program list reiterated in Bureau of Financial Institutions Section B above.



***Q. Statutory Provisions Requiring Legislative Review***

In the case where a financial institution is a creditor, the Bureau is the administrator of Title 9-A, the Maine Consumer Credit Code. Under that Title, the agency is charged with enforcing Article 8-A, the Maine Truth-in-Lending (“TILA”) statute, which both incorporates by reference federal TILA standards and provides the administrator rulemaking authority to create regulations substantially similar to or more protective than federal TILA regulations. At this time, adequate rulemaking authority exists in statute to allow the Bureau to stay current with federal truth-in-lending laws.

**DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**BUREAU OF CONSUMER CREDIT PROTECTION**

**A. Enabling or Authorizing Law**

The Bureau of Consumer Credit Protection (BCCP) is authorized through Title 9-A, § 6-103. The agency administers or co-administers the following provisions of Maine law:

9-A MRS § 1-101 <i>et seq.</i>	Maine Consumer Credit Code
32 MRS § 11001 <i>et seq.</i>	Maine Fair Debt Collection Practices Act
10 MRS § 1306 <i>et seq.</i>	Fair Credit Reporting Act
5 MRS § 4595 <i>et seq.</i>	Fair Credit Extension Section, Maine Human Rights Act
10 MRS § 363(8)	MELA student loan disclosures
10 MRS § 1121 <i>et seq.</i>	Plain Contract Language Law
10 MRS § 1271 <i>et seq.</i>	Protection of Social Security Numbers
10 MRS § 1395 <i>et seq.</i>	Regulation of Exchange Facilitators
10 MRS § 1400-A <i>et seq.</i>	Regulation of Residential Real Estate Settlement Agencies
10 MRS § 1495	Payroll Processors
14 MRS §§ 6111 - 6112	Statewide Foreclosure Outreach and Homeowner
Counseling Referral Program	
17 MRS § 701 <i>et seq.</i>	Budget Planning Business
30-A MRS § 3960 <i>et seq.</i>	Pawnbrokers
32 MRS § 6101 <i>et seq.</i>	Money Transmitters Act
32 MRS § 6131 <i>et seq.</i>	Check Cashing and Foreign Currency Exchange Act
32 MRS § 6151 <i>et seq.</i>	Non-bank Cash-Dispensing Machines (ATMs)
32 MRS § 6171 <i>et seq.</i>	Debt Management Services Act
33 MRS § 521 <i>et seq.</i>	Funded Settlement Act

**B. Description of Programs**

The BCCP was established to protect the citizens of Maine from unfair and deceptive practices with respect to consumer credit. The primary responsibility of the agency is to protect Maine consumers through implementation of the Maine Consumer Credit Code. The Code requires the agency to promote the development of equitable consumer credit practices; encourage competition among credit grantors; and ensure that the regulation of consumer credit transactions in Maine conforms to the policies of the federal Truth-in-Lending Act and the Real Estate Settlement Procedures Act (RESPA).

Additionally, the agency is responsible for administration of consumer-related state laws concerning retail creditors, mortgage companies, collection agencies, "plain language" consumer loan contracts, credit reporting agencies, loan brokers, mortgage loan officers, rent-to-own companies, pawnbrokers, personal finance companies, money order issuers, check cashers, foreign currency exchangers, non-bank ATM operators, debt management and debt settlement companies, repossession companies, "like-kind" exchange facilitators, MELA educational loan disclosures, payroll processors, servicers of credit

contracts, litigation funding providers, real estate settlement agencies, and residential real estate property preservation companies.

The mission and priorities of the BCCP focus on consumer protection and consumer assistance. Other regulatory activities of the agency, such as licensing and registration, conducting compliance examinations, providing consumer education, and participating in legislative activities, relate directly to the goal of providing financial protection to the consumer public.

On average, 1,000 formal, written complaints are received each year by the BCCP, which has established strict performance targets to best ensure prompt resolution of those complaints. At the present time, more than 90% of those complaints are resolved within 90 days. If a consumer complaint results in the need to impose administrative sanctions on a company, the investigation and development of that administrative enforcement action takes additional staff time and involvement.

On average, the BCCP issues more than 25 enforcement orders and consent agreements each year, with many such disciplinary proceedings requiring the involvement of the Office of the Attorney General. Efforts of the BCCP have resulted in credits or refunds to Maine consumers averaging \$145,000 per year over the past five years.

The BCCP measures its performance through the resolution of consumer complaints received by the agency; by the numbers and results of enforcement actions; and by the promptness of the issuance of licenses and registrations to the thousands of regulated companies—located both within the State of Maine, as well as across the country and internationally.

The BCCP also measures its efficiency through the completion of compliance examinations. During the past five years, the agency has conducted 533 compliance examinations, with each examination requiring a written report to the regulated company clarifying what must be done to bring its activities into regulatory compliance.

To the extent permitted by resources, the BCCP provides educational speakers to schools, organizations that advocate on behalf of seniors, and other consumer groups. Bureau staff makes more than 20 presentations each year.

### ***C. Organizational Structure***

The BCCP is headed by a Superintendent and presently has 14 authorized positions. The Bureau is divided into three functional groups: Examination, Licensing and Consumer Complaint Resolution. The Bureau's organizational chart is found in Attachment C.

### ***D. Repealed, P.L. 2013, c. 307***

## ***E. Financial Summary***

The BCCP financial summary is found in Attachment C.

## ***F. Repealed, P.L. 2013, c. 307***

## ***G. Areas of Coordination with Other State and Federal Agencies***

### *Department of the Secretary of State, Bureau of Motor Vehicles*

The BCCP works with the Bureau of Motor Vehicles to ensure lien holders of record (auto dealers that sell on credit) are registered with the BCCP in accordance with the numerical standards set forth in Title 9-A, Sections 1-301 (13) and (17).

### *FinCEN and IRS*

The BCCP entered into Memoranda of Understanding with the Office of Foreign Assets Control and the Financial Crimes Enforcement Network and with the IRS, to ensure seamless communications on money transmitter enforcement issues.

### *Office of the Comptroller of the Currency (OCC), Consumer Financial Protection Bureau (CFPB) and Federal Trade Commission (FTC)*

The BCCP has established formal and informal communications with the OCC, the CFPB and the FTC to ensure that Maine customers of nationally-regulated entities receive satisfactory responses to their complaints. Written confidentiality sharing agreements were entered into with the OCC and the CFPB to permit the sharing of specific consumer complaint data.

### *Office of Maine's Attorney General*

When litigation is necessary to effect compliance, the Office of the Attorney General represents the BCCP in administering hearings and pursuing litigation, and assists in drafting and reviewing enforcement documents and rules. In addition, on a daily basis the AG's Office refers consumer complaints to the BCCP that involve companies subject to BCCP's jurisdiction, while the BCCP refers matters involving non-credit related violations of the Unfair Trade Practices laws to the AG's Office.

## ***H. Constituencies***

The Bureau of Consumer Credit Protection's primary constituency is Maine consumers.

Secondary constituencies include the various business entities that are required to obtain licenses or to register with the agency, and that are subject to compliance examinations and other enforcement actions to ensure consistency with Maine laws. These businesses

include non-bank mortgage companies, retail creditors, collection agencies, credit reporting agencies, loan brokers, mortgage loan officers, rent-to-own companies, pawnbrokers, personal finance companies, money order issuers, check cashers, foreign currency exchangers, non-bank ATM operators, debt management and debt settlement companies, repossession companies, payroll processors, of credit contracts, litigation funding providers and consumer arbitration providers.

Both consumer and business constituencies have been served, not only through the prompt responses to consumer complaints and prompt decisions on applications for licenses and registrations, but also by the development of a comprehensive website, to provide methods of electronic access to the agency and to forms and applications.

Additional constituencies include the Administration and the Legislature, which request input from BCCP on areas within the agency's knowledge or jurisdiction.

### ***I. Alternative Delivery Systems***

The Bureau of Consumer Credit Protection has made significant strides in offering alternative delivery systems to its constituencies. Consumers can download complaint forms from the BCCP homepage, to be completed and submitted by mail. In addition, consumers can submit electronic-only complaints, for those categories of complaints that do not require supplementation by copies of mortgage deeds or other documents.

Companies and individuals regulated by the BCCP make extensive use of the Bureau's online resources. All application forms, frequently asked questions and other licensing and registration materials are available online. The BCCP offers an increasing number of internet-only features. Mortgage companies and loan brokers, for example, have registered more than 2,500 individual mortgage loan originators utilizing the NMLS (Nationwide Mortgage Licensing System) internet-based centralized computer program managed by the Conference of State Bank Supervisors. Mortgage companies and mortgage loan brokers obtain professional licenses through the NLMS. The BCCP also permits money transmitters to obtain Maine licenses using the NMLS.

Strides have also been made to provide non-invasive compliance examinations for those companies located a substantial distance from Maine or that have a limited volume of Maine business. For several years, the proportion of compliance examinations conducted at the BCCP in Gardiner, as opposed to those conducted in the offices of the creditor, has increased steadily. Since creditors must reimburse the State for all costs of travel, this move to in-office compliance examination represents great savings and efficiencies for companies regulated by the agency. Currently, more than 50% of all compliance exams are conducted at the Bureau's offices, as opposed to personally at the creditors' locations.

The BCCP continues to increase its offerings of electronically-based accommodations, both for consumers and for companies wishing to comply with registration and licensing requirements.

## ***J. Emerging Issues***

To reduce or eliminate overlapping, inconsistent compliance standards, the Legislature has approved BCCP's requests to incorporate federal law and regulation into State standards wherever possible, especially in the areas of Truth-in-Lending and Fair Credit Reporting. This benefits regulated companies and the public.

The Bureau's homeowner assistance hotline and foreclosure counselor referral program has operated efficiently for the past four years, helping hundreds of Maine families avoid foreclosure or navigate their way through the litigation process.

Following several instances of negligent activity by "property preservation" companies that enter homes in foreclosure, winterize those properties and dispose of the contents of the residences, the Legislature enacted provisions in 2013 calling on BCCP to establish a licensing system to ensure accountability of the industry.

The federal Consumer Financial Protection Bureau (CFPB) is beginning to regulate business activity historically within the jurisdiction of BCCP and regulators in other states, but state and federal regulators are working together to coordinate enforcement and compliance examination procedures to ensure consistency and efficiency.

## ***K. Information Specifically Requested by Committee***

None requested.

## ***L. Comparison of Related Federal Laws and Regulations***

A principal component of the Maine Consumer Credit Code is the Truth-in Lending requirements found in Article 8. These requirements—including treatment of high-rate, high-fee mortgage loans—mirror and supplement rules at the federal level. The federal government does not offer personalized, local enforcement authority in this area, so assistance and enforcement offered by BCCP are vital elements of effective compliance and consumer protection.

Maine's Fair Debt Collection Practices Act mirrors the federal law, but provides the important additional elements of state-level licensing and enforcement. The Federal Trade Commission (FTC) and the Consumer Financial Protection Bureau (CFPB), responsible for federal enforcement, cannot provide practical consumer assistance. That assistance for Maine consumers is provided by the BCCP.

Maine's Fair Credit Reporting Act mirrors, and supplements, the similar federal law, and adds valuable requirements for registration and compliance examination. Also regulated at the federal level by the FTC and the CFPB, credit reporting complaints are addressed on an effective, day-to-day consumer assistance level only by the BCCP, with respect to Maine consumers.

The Bureau also provides practical enforcement authority with respect to other federal laws, including the Real Estate Settlement Procedures Act (RESPA) and the Gramm-Leach-Bliley financial information privacy laws.

#### ***M. Collecting, Managing and Using Personal Information***

The Bureau of Consumer Credit Protection receives personal information via two of the programs it administers: investigating consumer complaints and processing business license applications. All personal information that the BCCP receives is confidential, pursuant to section 6-116 of the Maine Consumer Credit Code (Title 9-A, Maine Revised Statutes), and violation of this confidentiality provision may result in criminal penalties.

To the extent these capabilities are provided by Maine's Office of Information Technology (OIT), the BCCP utilizes secure e-mail whenever sending data out through the State system. Additionally, consumers submitting personal information via the internet can do so utilizing secure e-mail to ensure that confidentiality is not compromised.

The BCCP complies with State retention policies and destroys records accordingly. Further, all documents discarded by BCCP employees are shredded.

#### ***N. List of Reports, Applications and Other Paperwork***

The Bureau of Consumer Credit Protection's list of reports and applications is found in Attachment C.

#### ***O. List of Reports to the Legislature***

The Bureau of Consumer Credit Protection's list of reports to the Legislature is found in Attachment C.

#### ***P. List of Organizational Units and Programs***

This information is found in Attachment C.

#### ***Q. Statutory Provisions Requiring Legislative Review***

None.

**DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**BUREAU OF INSURANCE**

***A. Enabling or Authorizing Law***

The Superintendent of Insurance enforces the provisions of, and executes the duties of the Superintendent as set forth in the Maine Insurance Code (24-A M.R.S.A.) and has such additional duties and rights as set forth in other Titles, including in particular Title 24 (oversight of nonprofit health plans) and Title 39-A (oversight of individual and group workers' compensation self-insurers).

The primary responsibility of the Bureau of Insurance (BOI) is to regulate insurance companies and insurance professionals in the public interest. To carry out that responsibility, the BOI has the authority to license the following entities to operate in the State of Maine:

- Insurance companies
- Nonprofit hospital and medical service plans
- Nonprofit health care plans
- Health maintenance organizations (HMOs)
- Medical utilization review entities
- Third party administrators (TPAs)
- Workers' compensation self-insurers
- Advisory organizations
- Reinsurance intermediaries
- Special purpose reinsurance vehicles
- Insurance producers, agencies, adjusters, and consultants
- Continuing care retirement communities (CCRCs)
- Multiple employer welfare arrangements (MEWAs)
- Captive insurers
- Viatical and life settlement companies
- Certified reinsurers

The BOI also registers the following entities:

- Preferred provider arrangements
- Risk purchasing groups
- Foreign risk retention groups
- Managing general agents
- Pharmacy benefits managers
- Portable electronic device insurance vendors
- Service contract providers/administrators
- Structured settlement transferees



Other duties and responsibilities include the examination of insurers domiciled in Maine and some degree of oversight of foreign and alien insurers, the approval of all policies and contract forms used by insurers in the State, and the review of “qualified health plans” (QHPs) offered in Maine under federal law.

### Legislative History

The first Maine State Bank and Insurance Examiner was appointed in 1868 and charged with examining both banks and insurance companies annually. In 1870, the two offices were made independent of each other and the Office of the Insurance Commissioner was established. The Office of the Insurance Commissioner became the Department of Insurance in 1959. When state government was substantially reorganized in 1973, the Insurance Department became the Bureau of Insurance and was placed within the Department of Professional and Financial Regulation.

### Federal Mandates

The Violent Crime Control and Law Enforcement Act of 1994 requires state insurance regulators to consider requests for waivers of the federal prohibition against employment within the insurance industry in any capacity of persons convicted of felonies involving dishonesty or breach of trust (18 U.S. Code §1033).

The Gramm-Leach-Bliley Act (GLBA) requires the states to establish uniform and/or reciprocal licensing standards with respect to licensing of insurance producers. The Health Insurance Portability and Availability Act (HIPAA) establishes requirements for the states with respect to guaranteed renewability of health insurance, guaranteed issue for small groups, portability, and some mandated benefits. The Affordable Care Act (ACA) expanded the requirements established by HIPAA and established a framework for the sale and oversight of qualified health plans (QHPs). Federal law imposes a specific regulatory scheme for Medicare supplement insurance policies upon the states, and also imposes standards for long-term care policies, in particular those offered through the Long-Term Care Partnership program. The Dodd-Frank Act establishes uniform federal standards in areas relating to reinsurance, nonadmitted insurance and premium taxation, and annuity suitability.

## ***B. Description of Programs***

The principal programs administered by the BOI are described below in terms of activities carried out by each work unit.

### Financial Examination

The Financial Examination Work Unit conducts detailed risk-focused financial examinations of insurers domiciled in the State of Maine every three to five years. Examinations of multi-state insurance groups are coordinated with other state insurance departments to gain efficiencies. The work unit also occasionally conducts examinations

of other entities, such as guarantee associations. The work unit consists of a Director, two Examiners-in-Charge, three Senior Examiners, and four Examiners. Personnel are divided into two examination teams in order to conduct exams concurrently. Exam reports issued for domestic insurers can be found on the Bureau website at [www.maine.gov/insurance](http://www.maine.gov/insurance) under Bureau Reports. Financial statements for Maine-licensed HMOs may also be accessed on the website from the same link.

**Recent exams conducted by the Financial Examination work unit:**

Company	Report Issued
Medical Mutual Insurance Co of Maine	April 4, 2013
Maine Self-Insurance Guarantee Association	December 19, 2013
Maine Insurance Guaranty Association	February 4, 2014
Maine Employers Mutual Insurance Co	May 22, 2014
Patriot Insurance Co	June 12, 2014
Unum Life Insurance Co of America (limited scope)	June 17, 2015
Anthem Health Plans of Maine, Inc.	June 29, 2015
North East Insurance Co	August 5, 2015
York, Insurance Co of Maine	August 5, 2015
Aetna Health Inc. (a Maine corporation)	October 30, 2015

**The schedule of financial examinations in 2015:**

Company	Financial Period Ending
Great Falls Insurance Company	December 31, 2014
Maine Dental Service Corporation	December 31, 2014
Martins Point Generations, LLC	December 31, 2014
Patrons Oxford Insurance Co	December 31, 2014
Maine Community Health Options	December 31, 2015

*Financial Analysis Division*

The Financial Analysis Division is responsible for monitoring the financial solvency of insurers transacting business in Maine. Insurance companies seeking licensure submit financial and operational information for review. Analysts review the information and make recommendations for insurance authority based on the financial strength of the company.

For new applicants, a full analysis of the financial statements is completed. Once the BOI grants authority, the level of ongoing financial review is predicated on the entity's status as an insurance company. The level of review is further determined by whether the company is a Maine domestic or a foreign insurer. Maine domestics are reviewed in detail on a quarterly basis; foreign insurers are prioritized based on select financial ratios.

The Financial Analysis Division is also responsible for reviewing the following applicants: health maintenance organizations, surplus lines companies, risk retention

groups, risk purchasing groups, managing general agents, reinsurance intermediaries, accredited reinsurers, workers compensation reinsurers, fraternal benefit societies, and third party administrators.

Please see next page for licensing information.

### Number of Insurance Companies Licensed in Maine:

Company Type	2014	2013	2012	2011	2010
Property and Casualty Companies	693	687	668	653	640
Life & Health and HMOs	346	349	358	358	353
Fraternal Companies	13	13	13	13	14
Surplus Lines Companies	157	152	145	141	131
Private Purchasing Alliance	1	1	2	2	2
Multiple Employer Welfare Arrangement (MEWA)	2	2	2	2	2
Captive Insurers	3	3	3	2	1
Risk Retention Groups	73	72	77	72	70
Reinsurers	0	0	0	0	1
Non-Profits	2	2	1	1	1
Fire Assessment Companies	4	4	4	5	5
Total	1294	1285	1273	1249	1220

### Domestic Insurance Companies (Domiciled in Maine) 2014

Maine Domestic	12/31/14 Premium <sup>1</sup>	12/31/14 Assets
Aetna Health Inc. (a Maine corporation)	\$105,168,193	\$27,908,162
Allied-Augusta Mutual Insurance Co	\$0	\$7,228
Anthem Health Plans of Maine, Inc.	\$1,009,403,696	\$386,331,134
Beacon Harbor Mutual Risk Retention Group	\$3,633	\$1,002,497
Casco Indemnity Co.	\$10,033,168	\$26,752,257
Great Falls Insurance Company	\$7,848,945	\$7,487,604
Maine Community Health Options	\$172,752,545	\$76,930,390
Maine Dental Service Corp.	\$58,655,212	\$48,389,523
Maine Employers' Mutual Insurance Co.	\$144,647,146	\$830,432,532
Martin's Point Generations, LLC	\$231,553,922	\$62,838,375
Medical Mutual Insurance Co. of Maine	\$42,531,187	\$264,165,068
MMG Insurance Co.	\$160,332,451	\$233,827,582
North East Insurance Co.	\$4,534,422	\$62,525,401
Patriot Insurance Co.	\$49,285,054	\$101,822,901
Patrons Oxford Insurance Co.	\$42,969,684	\$16,820,796
Select Care of Maine	\$0	\$1,525,426
State Mutual Insurance Co.	\$1,601,156	\$2,407,326
The Paul Revere Variable Annuity Insurance Co.	\$15,476,597	\$53,659,453
UNUM Life Insurance Co. of America	\$4,085,026,438	\$19,692,440,419
York Insurance Co. of Maine	\$30,479,841	\$47,350,462
Total	\$6,172,299,657	\$21,943,614,811

<sup>1</sup> Year-end direct written premium totals are reported on a national basis.

**Non-Maine Health Maintenance Organizations 2014 (Maine only premiums)**

HMOs (State of Domicile)	12/31/14 Premium	12/31/14 Assets
Arcadian Health Plan Inc. (WA)	\$47,214,267	\$69,112,690
Harvard Pilgrim Health Care, Inc. (MA).	\$140,589,331	\$921,573,766
Meridian Health Plan of Michigan, Inc. (MI)	\$0	\$324,504,653
Total	\$187,803,598	\$1,315,191,109

**New Company Licenses Issued in 2014 (34 Total)**

Life and Health Insurance Companies	
Accordia Life and Annuity Co	Lifecare Assurance Co
All Savers Insurance Co	Meridian Health Plan of Michigan, Inc.
American Family Life Insurance Co	Mid-West National Life Insurance Co of Tennessee
Landmark Life Insurance Co	UnitedHealthcare Life Insurance Co
Property and Casualty Insurance Companies	
Allied Eastern Indemnity Co	Main Street America Protection Insurance Co
ALPS Property & Casualty Insurance Co	PartnerRe America Insurance Co
Amalgamated Casualty Insurance Co	Permanent General Assurance Corporation
American Millennium Insurance Co	Pilgrim Insurance Co
American Modern Property & Casualty Insurance Co	Producers Agriculture Insurance Co
Eastern Advantage Assurance Co	Redwood Fire and Casualty Insurance Co
Eastern Alliance Insurance Co	Southern Insurance Co
First Financial Insurance Co	Triumphe Casualty Co
Eligible Surplus Lines Insurance Companies	
American National Lloyds Insurance Co	Maxum Indemnity Co
Burlington Insurance Company – The	Reliamax Surety Co
Centennial Casualty Co	Scottsdale Surplus Lines Insurance Co
Knight Specialty Insurance Co	Valiant Specialty Insurance Co
Risk Retention Groups	
MMIC Risk Retention Group, Inc.	The Doctors Co Risk Retention Group – A Reciprocal Exchange

Alternative Risk Markets

The Alternative Risk Markets Unit reviews and evaluates initial applications for the following lines of authority:

- workers’ compensation self-insurance
- captive insurance companies
- continuing care retirement communities

- multiple employer welfare arrangements

Initial applicants submit financial and operational information. Analysts review the information and make authorization recommendations based on financial strength and other considerations.

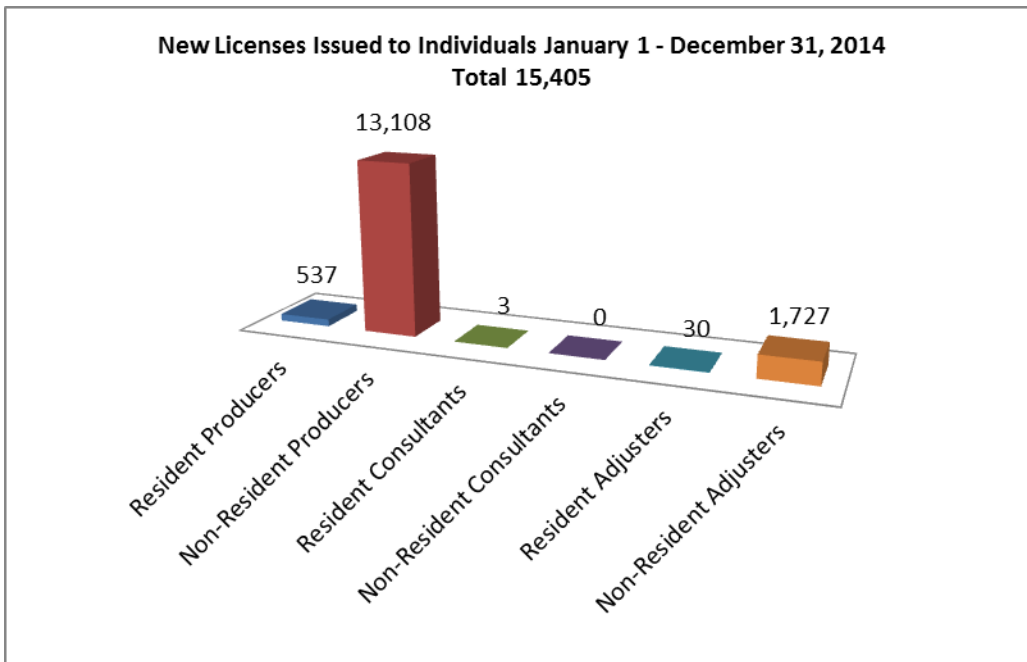
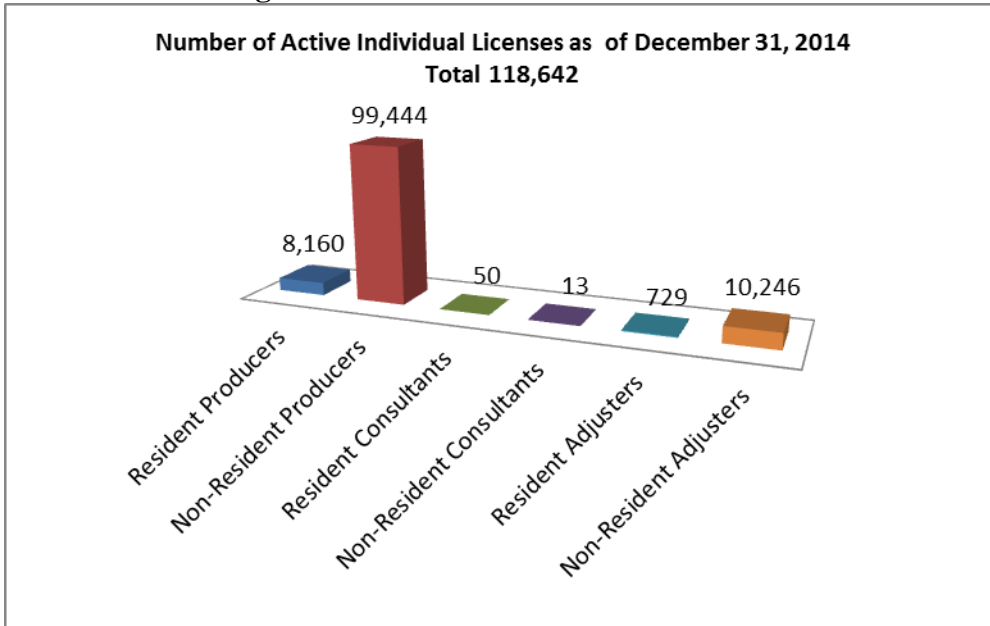
The work unit performs detailed annual reviews of renewing individual self-insurers and group self-insurers. Self-insurance authority is renewed annually, based upon annual review results. Nonrenewal, although infrequent, is usually based upon deteriorated financial condition.

Alternative Risk Entities	2014	2013	2012	2011	2010
Individual Workers' Comp Self-Insurers	61	59	60	59	58
Group Workers' Comp Self Insurers	19	19	19	19	19
Captives	3	3	3	2	1
Multiple Employer Welfare Arrangements	2	2	2	2	2
Continuing Care Retirement Communities	3	3	3	3	3

### *Producer Licensing*

The Producer Licensing Work Unit is responsible for review and approval of applications to license individual insurance producers (agents and brokers), consultants, adjusters and business entities, and to register structured settlement transferees. This includes determining if eligibility requirements have been met and verifying that no statutory preclusions exist. Unit responsibilities also include approval of continuing education courses submitted by education providers and monitoring completion of the education requirement of roughly 8,160 insurance professionals. Maine law requires resident producers and resident consultants to complete 24 hours of continuing education every 2 years. Nonresident producers must meet continuing education requirements in their resident state. Electronic processing of producer appointments, appointment terminations, and non-resident license applications, as well as participation in the national producer database, has made the licensing process more efficient, timely and uniform.

**Producer Licensing Statistics:**



**Prior Years Totals: 2013 - 12,868 2012 - 10,240 2011 - 8,120**

*The Support Unit*

The Support Work Unit provides administrative support for all functions within the Bureau of Insurance. Included in the administrative work are the following tasks: legislation tracking and records management, as well as invoice tracking and processing.

### The Consumer Health Care Division

The Consumer Health Care Division (CHCD) offers services to consumers related to health, life, long-term care and disability insurance and annuities. Staff provides information about plan options; help enrollees understand their rights and responsibilities under insurance plans; assist enrollees with complaints related to their plans; and promote coordination between the Bureau and other organizations that aid consumers.

The CHCD is also responsible for review and approval of annuity, life, long-term care, health and disability insurance policy forms to ensure plan compliance with Maine law.

In recent years, the staff has participated in numerous outreach programs to inform Maine citizens that the Bureau is available to help them, and to assist them in understanding their rights and responsibilities in relation to recent federal health care reform. Outreach also provides citizens with an opportunity to speak to staff on a one-to-one basis regarding insurance-related questions or problems they may have. Staff attends different types of events, from public fairs to senior expos, continuing education sessions and conferences. In 2013, CHCD staff and the Superintendent attended nearly 40 additional events statewide, specifically to address questions related to federal health care reform – the Affordable Care Act (ACA) – and its impact on Maine residents.

The CHCD has been proactive in implementing the National Association of Insurance Commissioners (NAIC) speed to market initiative. Electronic filings are submitted via the System for Electronic Rate and Form Filings (SERFF), which is a nationwide system developed by the NAIC with input from states and the insurance industry. Adoption of SERFF has decreased the review and approval time for submitted forms.

The CHCD focuses much of its efforts on analyzing the underlying issues that often give rise to consumer complaints. Identification of possible deficiencies in insurer processes provide an opportunity for the Bureau to work with health plans to prevent reoccurrence of identified problems. The CHCD investigates complex complaints and speaks regularly with health care providers and the insurance carriers' staff.

The Consumer Health Care Division also processes independent external reviews. This is a dispute resolution mechanism that is available to consumers after the insurance carrier's internal appeals process has been completed. To qualify for an independent external review the denial of benefits must be related to a health issue and the consumer's insurance plan must be a fully insured plan. (Self-funded employers and "multistate" Qualified Health Plans--QHPs--are subject to a separate external review program under federal guidelines.) This third level of review is arranged by the Bureau of Insurance and conducted by contracted independent review organizations.

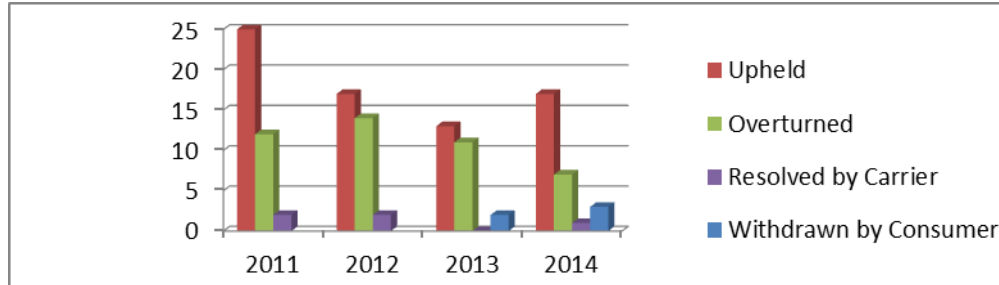
In 2014 the Bureau's Consumer Health Care Division received 53 requests for external review: 1 was resolved by the insurance carrier before the external review and 18 were not completed because the consumers did not return the necessary signed releases to continue the process. Of the 34 remaining requests, 24 were completed by January 1,



2015, 3 were withdrawn by the consumer, and 1 was resolved by the company before hearing. Of the 24 requests completed within CY14, 17 (71%) upheld the carrier’s decision, 1 was partially overturned (4%) and 6 were overturned (25%).

Figure 2 illustrates the number of external reviews that were overturned, upheld, resolved by the carrier, or withdrawn by the consumer before the review, for the years 2011 through 2014.

**External Review Outcomes by Year:**



CHCD TOTALS	2014	2013	2012	2011
Consumer Complaints Received	586	441	543	633
Consumer Inquiries Received	4,287	4,977	3,958	4,044
Restitution to Consumers	\$2,432,187	\$1,500,967	\$2,198,607	\$1,158,313
Rate and Form Filings Received	1,820	2,323	2,230	2,519

Life & Health Actuarial

The Life & Health Actuarial Work Unit provides actuarial and technical services to Bureau staff on questions relating to life and health insurance. Among its responsibilities, the unit:

- Reviews and takes appropriate action on rate filings for regulated lines of insurance, primarily individual health, small group medical, credit life and health, group and individual Medicare supplement, and long-term care;
- Provides reserve analysis of life and health insurance companies as required by law;
- Offers technical assistance to insureds, consumers, state agencies, and others;
- Prepares annual reports on mandated benefits claims experience;
- Prepares “market snapshots” for the small group and individual health insurance markets;
- Maintains database of reports on small group and individual health insurance;
- Maintains database of claims paid by third-party administrators and by insurers administering employers’ self-funded health plans;
- Compiles supplemental annual reports from health insurers;

- Studies proposed mandated benefit legislation as requested by the Legislature to determine the social impact, the financial impact, and the medical efficacy of the proposed mandate; and
- Estimates the impact on health insurance premiums of proposed expansions of health care services requiring a certificate of need (“CON”) from the Maine Department of Health and Human Services.

In accordance with Title 24-A M.R.S.A. §2837-A, §2840-A, and §2843, the Bureau is responsible for issuing an annual report to the Legislature regarding selected *Mandated Benefits*, specifically mental health, substance abuse, chiropractic, and mammography. This report compares the amount of claims paid for mandated benefits to the total amount of health claims paid. Bureau reports are available on the agency’s website at [www.maine.gov/insurance](http://www.maine.gov/insurance) under *Bureau Reports*.

*Property & Casualty and Workers Compensation*

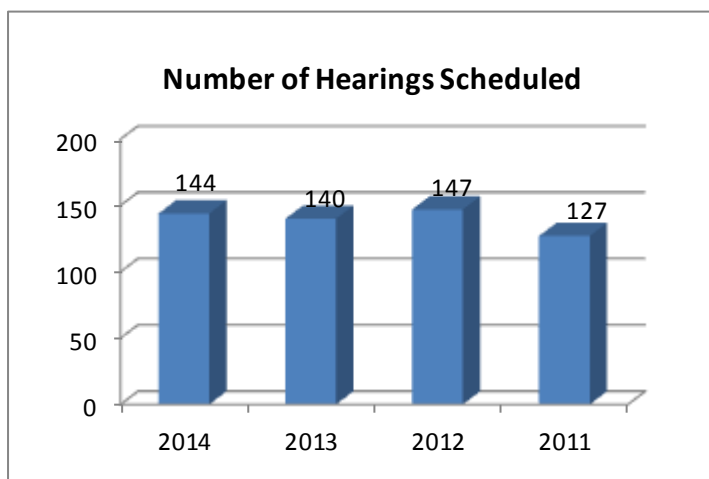
The Property & Casualty Work Unit reviews and approves rates, rating rules, and policy forms that property and casualty insurance companies and advisory organizations file for products they intend to write in Maine. Filings are reviewed to ensure compliance with applicable Maine law.

The unit also investigates complaints for all lines of property and casualty insurance. Often this includes conducting administrative hearings when a consumer’s automobile or homeowner’s policy is canceled or nonrenewed.

Property & Casualty Totals	2014	2013	2012	2011
Consumer Complaints Received	296	306	319	383
Consumer Complaints Closed	290	278	348	387
Consumer Inquiries Received	3,800	4022	4,760	4,901
Restitution to Consumers	\$963,110	\$381,459	\$ 943,685	\$ 1,691,055
Rate and Form Filings Received	3,877	3,434	3,092	3,071

**Hearings by Year:**

When an insurance company issues a notice of cancellation or nonrenewal of a homeowner or personal auto policy, or a notice of cancellation of a commercial policy, the company is required to advise the insured that a hearing may be requested to contest the action. The hearing provides a forum to dispute the reason(s) and requires the Bureau to rule whether the cancellation or nonrenewal was done in accordance with Maine law.



Hearing Results	2014	2013	2012	2011
Number of Decisions Issued	77	62	75	64
Findings for the Policyholder	26	28	36	36

Staff members are also responsible for processing all rate, rule and form filings presented to the Bureau involving workers' compensation insurance, self-insurance reinsurance, and occupational disability policies.

The unit responds to general inquiries regarding workers' compensation premiums and policies and handles complaints regarding workers' compensation insurance rates, rules and policy cancellations. Complaints regarding specific workers' compensation claims are under the jurisdiction of the Workers' Compensation Board. If the Workers' Compensation Board finds a pattern of abuse, however, it can refer the matter to the Bureau of Insurance.

#### Property & Casualty Actuarial

The Property/Casualty Actuarial Work Unit provides actuarial and technical services to Bureau staff for property and casualty lines of insurance. The unit:

- Reviews rate and rating rule filings for market leaders;
- Reviews and analyzes loss cost filings by industry advisory organizations that gather experience and file the advisory loss portion to be used by insurers in establishing rates and rating rules;
- Provides technical assistance to insureds, consumers, state agencies, and others;
- Reviews funding and reserves of workers' compensation self-insurance trusts;
- Provides reserve analysis of property/casualty insurance companies; and
- Provides technical assistance to the Superintendent in all aspects of casualty, property, and workers' compensation matters.

### Market Conduct and Market Analysis

One of the goals of the NAIC Modernization Plan is the integration of market conduct, market analysis, and interstate collaboration to form a cohesive, uniform oversight program for the states to use to regulate their markets. The Bureau uses its Market Conduct Work Unit and its Market Analysis Team to accomplish this goal.

The Market Conduct Work Unit is responsible for conducting market related examinations of all licensees. This program includes both in-house exams and on-site examinations. The examination process typically focuses on the following areas: (1) company operations/management; (2) complaint handling; (3) marketing and sales; (4) producer licensing; (5) policyholder service; (6) underwriting; and (7) claims. While this unit does not handle individual complaints, it does use complaint data and information to analyze licensee trends and business practices or patterns. This analysis is often a key factor in selection for the on-site examination process and is completed by utilizing the NAIC's market analysis techniques.

The Market Analysis team consists of examiners from the Financial Analysis Division who are responsible for performing ongoing market analysis of companies that operate in Maine. The market analysis process is designed to provide tools for each state to review its entire market, identify companies operating in the market that may be potentially harming consumers, and assist in defining the scope of any regulatory action that may be used to address the compliance problem.

Once an issue is identified, the examiner will proceed with the continuum of regulatory actions using the most efficient method to identify the cause and extent of the problem. By using the market analysis approach described, states are more efficient and uniform in their approach to regulation. Market Conduct examinations can be found on the Bureau's website at [www.maine.gov/insurance](http://www.maine.gov/insurance) under Bureau Reports.

#### **Recent market conduct examinations:**

<b>COMPANY</b>	<b>TYPE OF EXAM</b>	<b>REPORT ISSUED</b>
<b>Cigna Life &amp; Health Company</b>	<b>TARGETED</b>	<b>2013</b>
<b>Connecticut General Life Insurance Company</b>	<b>TARGETED</b>	<b>2013</b>
<b>Independent Statistical Services</b>	<b>TARGETED</b>	<b>2013</b>
<b>Life Insurance Company of North America</b>	<b>TARGETED</b>	<b>2013</b>
<b>The Surety and Fidelity Association of America</b>	<b>TARGETED</b>	<b>2014</b>

### Bureau Publications

To help educate the public on insurance matters that can affect their daily lives, the Bureau publishes and distributes a number of consumer brochures, such as those listed

below (not a complete list). Most publications are available online at [www.maine.gov/insurance](http://www.maine.gov/insurance).

*General*

Credit Information, Understanding How Insurers Use

*Auto*

Auto Insurance, Comparison of Top 10 policies

Auto Insurance, Consumer Guide to

Auto Insurance, Making the Claims Process Easier

Cancellation or Nonrenewal of Personal Automobile and Homeowners Insurance

Youthful Drivers, Consumer Guide to

*Health*

Disability Insurance Guide

External Review Guide: When Your Health Insurance Carrier Denies Benefits for Health Care Services

Health, Disability and Long-Term Care Insurance Complaint Comparison

Health Insurance Appeals Process Guide

Individual Health Insurance Guide

Important Renewal Information

Market snapshot - Comparison of Individual Medical Insurers in Maine

Market snapshot - Comparison of Small Group Health Insurers in Maine

Guide to Health Insurance for Small Businesses in Maine

*Homeowners/Renters/Pet*

Cancellation or Nonrenewal of Personal Automobile and Homeowners Insurance

Homeowner Insurance, Comparison of Top 10 Policies

Homeowner Insurance Complaint Comparison

Homeowners Insurance Guide

Homeowners Insurance, Making the Claims Process Easier

Pet Insurance

*Life/Annuities/Viaticals*

Life Insurance Information for Military Personnel

NAIC's Buyer's Guide for Deferred Annuities

NAIC's Buyer's Guide for Deferred Annuities - Fixed

NAIC's Buyer's Guide for Deferred Annuities - Variable

What You Should Know about Viatical and Life Settlements

Life Settlement Brochure for producers

Alternative Life Settlement Brochure for producers

*Long-Term Care (LTC)*

Long-Term Care Insurance Guide

Long-Term Care Insurance - Maine Tax Qualified and Tax Certified Policies

Long-Term Care Partnership Program Approved Policies

LTC Policies Certified for Income Tax Purposes in Tax Yrs Ending 12/31/1999

LTC Policies Certified for Income Tax Incentives in Tax Yrs Beginning 1/1/2002

Long-Term Care Shopper's Guide (NAIC publication)

*Medicare*

Are You Eligible for or Do you Have Medicare? (aggressive sales practices)

- Medicare Supplement Guide for Maine Residents - for plans issued after 6/1/2010
- Medicare Supplement Renewing Rates Comparison for plans prior to 5/31/2010
- Choosing a Medigap Policy
- Small Business Liability*
  - Child Care Liability, Consumer Guide to
  - Insuring Your Home Business
  - Insuring Your Farm - The Basics of Property & Liability Coverage
  - Insuring Your Business - The Basics of Property & Liability Coverage
- Workers' Compensation*
  - Workers' Compensation Insurance in Maine, An Employer's Guide to
  - Opting Out: A Workers' Compensation Insurance Summary for Executive Officers of Corporations

### ***C. Organizational Structure***

The Bureau's organizational structure is detailed in the previous section of this report. An organizational chart is found in Attachment D.

### ***D. Repealed, P.L. 2013 c. 307***

### ***E. Financial Summary***

The Bureau's financial summary, including sources of funding by program and the amounts allocated or appropriated and expended over the past 10 years, can be found in Attachment D.

### ***F. Repealed, P.L. 2013 c. 307***

### ***G. Areas of Coordination with Other State and Federal Agencies***

#### *Company Licensing and Financial Regulation*

- The Bureau utilizes the NAIC Uniform Certificate of Authority Application (UCAA) process which is a streamlined insurer licensing procedure that eliminates the need to file different applications in different formats. This allows streamlined admissions for those companies already admitted in one UCCA state, simply through the filing of an expansion application in another UCCA state. The expansion application process introduces elements of reciprocal reliance on the more detailed work of the state reviewing the complete application.
- The Bureau utilizes the NAIC I-SITE product which allows insurers operating in multiple jurisdictions to make one electronic filing of most financial information which is then accessible by all states.

- The Bureau has entered into comprehensive information-sharing memoranda with federal financial services regulators, with other states through the NAIC, and with other countries through the International Association of Insurance Supervisors, which allow regulators to share sensitive information on a confidential basis.
- Maine has enacted legislation which provides for more coordinated consideration with other states on merger and acquisition activity involving insurance holding company systems containing insurers in multiple jurisdictions.
- Maine has enacted legislation which allows the Bureau to participate in supervisory colleges with respect to domestic insurers that are part of multistate or multinational insurance holding company systems.
- One of the lessons of the 2008 financial crisis was the need for regulators to provide greater attention to enterprise risk of insurance holding company systems. The NAIC has developed and Maine has enacted legislation requiring the submission of Enterprise Risk Reports (Form Fs). Enterprise Risk Reports may be shared with and received from other states that have enacted appropriate legislation and entered into appropriate confidentiality agreements.

#### Producer Licensing

- Maine has enacted the NAIC Uniform Producer Licensing Model Act which standardizes license standards among the states and promotes reciprocity of licensing of nonresidents.
- Maine has eliminated paper letters of certification of good standing in favor of reliance on the NAIC State Producer Licensing Database.

#### Product Filings

- Maine utilizes the State Electronic Rate and Form Filing (SERFF) product which allows insurers to make rate and form filing in as many states as they desire at one time electronically.
- Maine is a member of the Interstate Compact for Insurance Product Regulation. Under the Compact, uniform product standards have been developed for all participating states for some lines of insurance, and a one stop filing and review process has been implemented.
- Maine cooperates with the federal Center for Consumer Information and Insurance Oversight (CCIIO) to streamline the filing and review process for health carriers' product form filings under the Affordable Care Act.

#### Market Conduct and Enforcement

- Through NAIC, Maine utilizes nationally uniform market conduct examination standards and procedures.
- The Bureau coordinates with other states on market conduct examinations, investigations and enforcement regarding regulated entity conduct occurring on an interstate basis.
- Subsequent to the Gramm-Leach-Bliley Act (GLBA), the Bureau entered into interagency agreements with all three federal banking regulators for expeditious handling of complaints regarding insurance sales by banks in accord with functional regulation tenets of GLBA.

## ***H. Constituencies***

The Bureau serves a wide variety of constituencies, including the general public, insurance consumers and consumer groups, insurance companies, self-insured businesses, producers (agents, brokers and consultants), and insurer advisory organizations. In addition, the Bureau conducts research and analysis and provides input on insurance-related issues and legislation, on behalf of the Administration and Legislature.

## ***I. Alternative Delivery Systems***

The Bureau has made extensive and effective use of newer information technologies. All of its application and registration forms are available online. The Bureau, through the NAIC, utilizes a national producer database that facilitates the ability of persons to become licensed in multiple states. Insurers are required to make form and rate filings electronically through the SERFF system. The Bureau's website has extensive resources including consumer brochures, consumer complaint forms, reports and studies, a "Find a Licensee" feature, information about Maine's domestic insurers, hearing decisions and consent agreements, and links to the Maine Insurance Code and rules.

Maine law requires that each domestic insurer's financial condition be examined by the Bureau at least once every three to five years. The Bureau's Examination Division makes use of contracted services to supplement in-house examination staff capability on these examinations, when necessary.

The administration of producer, consultant and adjuster licensing tests is computer-based and is performed by a private vendor. Continuing education requirements for producers are met by educational programs offered by private vendors, and recommendations for course approval are made by a private sector advisory group.

The Bureau contracts with outside entities for the conduct of external review of health insurance claims denied on the basis of lack of medical necessity, to which consumers are entitled under Maine law.

## ***J. Emerging Issues***

### *Affordable long-term care insurance*

When long-term care insurance was new, insurers made inaccurate pricing assumptions which have led to rate inadequacy. In some cases, insurers have been driven into insolvency, and others are at risk. Because of the unusually long period of time over which liabilities develop, reliable prediction of the future costs of long-term care is still elusive. Regulators and public policymakers have been challenged by the need to protect existing insureds from rate increases while maintaining a market in which insurers have the financial strength necessary to provide this coverage.



### Affordable Care Act

The Affordable Care Act's (ACA) phased implementation since 2010 has created several new dynamics in the health insurance marketplace. Enrollment in Maine's individual health insurance market more than doubled between 2013 and 2015 while the small group health insurance market is shrinking. Competition in Maine's individual health insurance market is also emerging, with the number of companies in the marketplace expanding. However, the number of companies in the market remains small, and recent merger agreements could signal a new trend toward consolidation in these markets.

As the ACA's next phase approaches, Maine will need to decide whether to resume operation of the Maine Guaranteed Access Reinsurance Association program. This program, which provided support for the individual health insurance market and led to significant reductions in premium rates, was suspended for three years in 2014 because the ACA established a similar program at the federal level. The federal reinsurance program, however, will cease operations after 2016. If a subsidized reinsurance program to support the individual market is to be continued in 2017 and beyond, this would need to be done at the state level.

Another change that will occur in 2017 is the availability of waivers under Section 1332 of the ACA. This program provides an opportunity for states to apply for permission to opt out of the federally mandated coverage requirements and obtain comparable federal funding for an alternative state program. In order to qualify, the program must provide benefits at least as comprehensive as the federally-established "essential health benefits," provide coverage at least as affordable as that provided by the federal marketplace, and ensure that a comparable number of people have coverage.

Other emerging health insurance issues include an increased use of narrower provider networks, which could lead to lower premiums but restrict consumers' choice of providers, and a federal excise tax on high-cost group health plans, often called the "Cadillac tax," that is scheduled to take effect in 2018 and could result in employers scaling back benefits in order to avoid this tax, thus shifting more health care costs to covered persons.

### Continuing globalization of markets

As U.S. insurance markets continue to become increasingly intertwined with and reliant on foreign markets, U.S. insurance regulators and public policymakers become more dependent on cooperation with foreign officials. In 2015, Maine became the eighth state to qualify to join the Multilateral Memorandum of Understanding (MMOU), a regulatory cooperation agreement established under the auspices of the International Association of Insurance Supervisors (IAIS). The MMOU creates a global framework for cooperation and information exchange among insurance supervisors and sets minimum standards to which signatories must adhere.

Also, the National Association of Insurance Commissioners has recently developed the Certified Reinsurer program to allow the strongest international reinsurers to operate in the United States market with reduced collateral. Following the enactment of enabling legislation in 2013, the Bureau has begun implementing this program in Maine.

The U.S. insurance regulatory system is under increasing pressure to conform more closely to the capital standards and methodologies being used in other financial sectors and other countries, particularly the European Union. The U.S. Treasury Department, the Federal Reserve System, and the IAIS are all playing strong roles in this process. Superintendent Cioppa and other U.S. insurance regulators, acting through the NAIC, are developing programs for group capital standards and group supervision, and working hard to ensure that “modernization” and “uniformity” do not get used as tools for weakening regulatory oversight.

### Cybersecurity

In response to ever-increasing data breaches affecting all areas of the economy, state insurance regulators are developing uniform cybersecurity standards. The NAIC has created a Cybersecurity Task Force to address these concerns. Maine is an active member of that Task Force. Several cybersecurity bills have also been introduced in Congress, and if federal legislation is enacted, state laws relating to cybersecurity and data breach responses could be preempted in whole or part.

### Federalism

In the United States, primary regulation of the insurance industry has always been the responsibility of the states. Congress codified this principle almost 70 years ago in the McCarran-Ferguson Act. Nevertheless, the system of state-based insurance regulation continues to be subject to constant challenge before Congress. The Dodd-Frank Act of 2010 established the Federal Insurance Office (FIO) within the Department of the Treasury, and gave it the power to enter into international agreements with limited preemptive effect. Although legislative attempts to give federal agencies the power to license insurance companies have become less active in recent years, stakeholders including FIO continue to advocate for an increased federal role in insurance regulation, which could include renewed federal charter proposals in coming years.

Federal legislation was enacted in 2015 establishing the National Association of Registered Agents and Brokers (NARAB), whose members will be exempt from insurance producer licensing in all states except their respective home states.

The Dodd-Frank Act established the Financial Stability Oversight Council to oversee interconnected financial markets in an effort to prevent “too big to fail” situations. One of its principal duties is to identify and designate systemically important financial institutions (SIFIs), which may include insurance enterprises. If an insurance company or insurance group is designated as a SIFI, it becomes subject to financial regulation by the Federal Reserve Board (FRB) pursuant to federal standards. Affected insurers view the

federal standards as being designed for banks and inappropriate for insurance companies. States have developed, and continue to refine, financial standards and regulatory practices such as the risk-based capital (RBC) regime, which are designed for risk exposures facing the insurance industry and could be threatened by the prospect of dual regulation of those insurers that are designated as SIFIs.

The Dodd-Frank Act also provides for federal regulation of savings and loan holding companies (SHLCs) by the FRB. Formerly, savings and loan regulation was conducted by the Office of Thrift Supervision, which focused on individual thrift institutions. Active federal regulation at the holding company level has repercussions for the insurance industry because a number of insurers are affiliated with thrift institutions. The new FRB standards for SHLCs apply not only to thrift institutions but to the entire holding company, including activities of non-bank entities such as insurers. In cases where an insurance company owns a thrift institution, the insurance company itself is considered an SHLC and as such is subject to direct regulation by the FRB.

### *Life Insurance and Annuities*

Many dynamic changes are occurring in the life insurance industry. The 1980s and 1990s saw the rise of interest-sensitive products that gave consumers the benefit of the prevailing high interest rates of the times, but since then, the U.S has experienced a prolonged period of low interest rates. As a result, many consumers find their current contract values disappointingly low compared to what was projected. At the same time, some life insurers and annuity issuers may experience financial stress because they provided minimum contractual guarantees higher than their current earnings.

As the United States pension and retirement market evolves from a system dominated by employer-sponsored defined benefit plans to one in which defined contribution plans are now the norm, and employees have greater control over their retirement savings through vehicles such as 401(k) plans, the life insurance industry has responded by evolving from an industry dominated by traditional life insurance products to becoming a leading provider of investment and savings vehicles, an arena where insurers are now in direct competition with other investment providers such as banking institutions and brokerage firms.

As the life insurance market evolves, accounting standards need to keep pace. For the past one hundred fifty years, life insurance reserving practices were prescribed by a formulaic, one-size-fits-all approach. Regulators as well as insurers recognize that these formulas do not accurately measure the liabilities incurred through the variety of insurance products now on the market. The new principle-based reserving (PBR) approach has been developed to meet the need for a reserving methodology that more accurately reflects the actual risk assumed. It has now been enacted by 36 states, including Maine, which is very close to the threshold that will trigger simultaneous implementation by all the states that have adopted PBR.

Meanwhile, while the traditional reserving formulas remain in place, some insurers have responded to the inaccuracies in those formulas by entering into captive reinsurance transactions and other arrangements designed to align the insurer's financial statement liabilities with the insurer's evaluation of the actual economic risk. Regulators are working to develop appropriate standards for evaluating these transactions to ensure that they do not artificially overstate the insurer's financial condition.

As the life industry continues to evolve, insurance regulators and public policymakers will be called upon to consider regulatory initiatives that provide solvency protections and transparency, and are sufficiently integrated with other financial services regulators to prevent inappropriate regulatory arbitrage with respect to either financial or marketing regulation.

### Property/casualty insurance catastrophe coverage

Insured losses from major natural disasters since 2004 have far exceeded historical levels as well as insurer expectations. While weather catastrophes in the United States have abated somewhat in the last several years, modeling of future catastrophe potential strongly suggests that the long-term increase in frequency of major weather-related events will continue for the foreseeable future. Assuring affordable and available property insurance coverage, particularly in storm-prone locales, is a significant concern.

### New Technology

Many recent and forthcoming technological developments raise questions for insurers, public policymakers, and insurance regulators regarding appropriate insurance practices and standards. Some examples include the following:

- Sharing Economy

Technology has changed the way people interact. There is now online capability for people to share their houses, motor vehicles, or other personal assets with others on a prearranged basis for a fee. These new commercial uses for property normally covered by personal lines insurance raise questions about the scope of personal insurance coverage, the need for new types of insurance products, and the types of insurance-related disclosures that might need to be made both to people offering services through these sharing networks and their potential customers. Particularly in the case of car-sharing, there is also the need to protect third parties who might be the victims of accidents arising out of sharing transactions.

- Drones

Remote-controlled aircraft known as drones are now available to the general public on a widespread basis. While legitimate commercial uses of drones by the insurance industry as well as other businesses are rapidly developing, so are the identification of potential insurance exposures related to use of drones by both businesses and individuals, with risks running from interference with aircraft flight paths to invasion of privacy. Understanding of these new risks and how to address them is in its

infancy and a public dialogue on the issues can be expected to develop over the next several years.

- *Driverless cars*

One major auto manufacturer has promised to have a fully autonomous driverless car by 2020, and others can be expected to follow suit. Some predictions suggest driverless cars may have a 75% penetration rate by 2040. As this new technology enters the market, many property and liability insurance issues relating to their use will need to be addressed.

- *Driver Tracking*

Technology now exists which allows tracking of not only where and when cars are driven but also how they are driven. As a result, while insurers are better able to identify safe drivers and provide them rating credits, policy questions may exist as to the extent to which this should be allowed. Driver tracking also raises privacy concerns, especially if insurers provide the data they have obtained or derived to third parties for marketing purposes.

### *Terrorism*

The unpredictability of the frequency and severity of losses due to terrorist acts raises substantial questions of what coverage, if any, insurers should provide to persons with respect to terrorism and how any such coverage can be priced. A federal “backstop” which was reauthorized in 2015, has allowed insurers to maintain coverage for certain terrorism acts; however, that program briefly lapsed due to prolonged Congressional debate, and long term resolution of the insurance issues raised by terrorism is subject to future debate. Lack of this coverage could have a detrimental impact on the business climate.

### ***K. Information Specifically Requested by Committee***

None requested.

### ***L. Comparison of Related Federal Laws and Regulations***

While the federal government has many laws and programs that relate to insurance in some fashion, this requirement is generally inapplicable to the Bureau.

### ***M. Collecting, Managing and Using Personal Information***

Under the Maine Access to Information Act, all Bureau “records” are public unless they fall within an exception to the definition of “public records” recognized by Maine law. There are more than forty such exceptions to this definition which provide that various records within the possession of the Bureau are entitled to confidential and/or privileged status.

The Bureau routinely responds to requests for public records. A work station for use by the public in accessing electronic records is maintained within the agency. At the same time, the Bureau makes every effort to safeguard those documents designated as confidential.

In situations where private parties have disputed whether or not certain Bureau records are public, the agency has utilized a procedure whereby parties are requested to make legal arguments to the Bureau in support of their respective positions. Should the agency determine, upon review of those arguments, that a record is public under Maine law, the agency allows the party asserting confidentiality an opportunity to seek a judicial determination before releasing the record. The Bureau's protocol was the subject of a 2014 legal challenge, however the protocol was determined by Maine's Business Court to appropriately balance the interests of persons filing and requesting information with and from the Bureau.

The Bureau participates in and utilizes the National Insurance Producer Registry (NIPR). One of the hallmarks of the Registry is the issuance of national producer numbers to be used as personal identifiers rather than social security numbers. While the Bureau records contain personal information including the social security numbers of individual licensees, the database fields containing that information are not publicly available.

The Bureau utilizes those information technology protocols applicable to all Maine agencies as developed by the State of Maine's Office of Information Technology. Among other protocols, personal or confidential information transmitted outside of the State's firewall is encrypted.

#### ***N. List of Reports, Applications and Other Paperwork***

With respect to the numbers of filings to be received in the next two years, the Bureau would anticipate numbers generally comparable to those received during the past two years, with a few exceptions, depending on line of insurance and market conditions that drive competition and growth. Actions taken by the agency to reduce filing requirements and paperwork duplication are described in sections G and I of this report. The Bureau's list of reports is found in Attachment D.

#### ***O. Reports Required by the Legislature***

Following is a list of reports by the Bureau of Insurance required annually by the Legislature:

- Annual Report from the Superintendent
- Annual Report of Insurance Fraud & Abuse
- Consumer Healthcare Division Annual Report and Report on External Review
- Report on Claims for Treatment of Lyme Disease and Other Tickborne Illnesses
- Report of the Superintendent of Insurance on Mandated Health Insurance Claims for Substance Abuse and Mental Health Services, Mammography and Breast Cancer Treatment, and Chiropractic Services

- The Availability of Insurance in the Maine Property & Casualty Market
- Annual Report on the Status of the Maine Workers' Compensation System
- Annual Report on the State of Competition in the Maine Workers' Compensation Market (Joint report with Bureau of Labor Standards and Workers' Compensation Board)

Additional reports are submitted as needed, at the request of the Joint Standing Committee on Insurance and Financial Services, regarding the impact of proposed health insurance mandates on premiums.

#### ***P. List of Organizational Units and Programs***

A list of organizational units and programs within the Bureau can be found within the list provided at the front of this report. An organizational chart can be found in Attachment D.

#### ***Q. Statutory Provisions Requiring Legislative Review***

The Bureau's legal staff monitors state and federal legislation and court decisions on an ongoing basis in order to identify conflicts with the Maine Insurance Code and proposes corrective legislation as indicated. Depending on the issue, the appropriate remedial action could involve a provision in the errors bill, a technical correction bill, a substantive change in State law, or advocacy for changes in the conflicting law. For example, the Dodd-Frank Act required changes in the surplus lines law and the premium tax laws, and the Bureau worked with Maine Revenue Services to craft implementing legislation. The Bureau is not aware of any material conflicts that remain outstanding.

**DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**OFFICE OF SECURITIES**

***A. Enabling or Authorizing Law***

The Office of Securities (the Office) is authorized through 32 MRSA §16601.

***B. Description of Programs***

The Office administers and enforces the Maine Uniform Securities Act (the Act). The Office also enforces the Maine Commodity Code and the Regulations of the Sale of Business Opportunities. The principal mission of the Office is to protect Maine consumers from fraudulent, deceptive, and unethical practices in the securities business. The Office accomplishes its mission through its licensing, registration, enforcement, examination, and investor education programs. The Office administers those programs with equal priority.

**Licensing**

Broker-dealers, agents, investment advisers and investment adviser representatives may not transact business in Maine unless they are licensed or exempt from licensing. The Office reviews license applications and the Administrator has the authority to deny an application or place restrictions or conditions on a license based on grounds specified in the Act.

In keeping with the Department of Professional and Financial Regulation's (the Department) emphasis on using technology to increase efficiency and enhance service to regulated entities and the public, the Office receives and processes all license applications electronically. In fiscal year 2015, the Office received and processed 81 broker-dealer applications; 23,856 agent applications; 16 investment adviser applications; and 309 investment adviser representative applications.

**Securities Registration**

Under the Act, a person may not offer or sell a security in Maine unless the security is registered, the security is a federal covered security, or the security, the transaction, or the offer is exempt from registration. The Office reviews applications to register securities for sale in Maine, and the Administrator may issue an order denying an application based on grounds specified in the Act. The Office also reviews filings for exemptions from registration and receives notice filings for offerings of federal covered securities.

In fiscal year 2015, the Office received and processed 35,474 securities registration, exemption, and federal covered securities notice filings. Seventy percent of the filings processed in fiscal year 2015 were filed electronically, a 20 percent increase over fiscal



year 2014. The Office continues to seek ways to increase the use of technology to generate efficiencies for the agency and the customers it serves.

In November of 2014, the Office joined fellow state securities regulators in permitting Form D notice filings to be filed electronically through the North American Securities Administrators Association's (NASAA) newly created Electronic Filing Depository (EFD). (NASAA is a voluntary membership organization of the state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada and Mexico.) EFD has gained wide acceptance in the industry due to its ease of use as a streamlined method for filing Form D notice filings concurrently with states and the Securities and Exchange Commission (SEC). Forty-three NASAA members now participate in EFD. Since its installation in Maine, 63 notice filings have been made using EFD, and the Office expects that number to increase.

On January 1, 2015, Maine's crowdfunding rule (Fund-ME) became effective. Since that time, the Office formed and facilitated a Fund-ME Advisory Group which provided the agency information and input on implementation of the new law and rule. Additionally, the Office has made presentations to several groups within Maine's small business and entrepreneurial community and developed useful tools available on the agency's website to assist those seeking to utilize this option for raising capital. The Office anticipates that Fund-ME will be recognized as a viable method for raising capital and will be increasingly utilized in the coming months.

### Enforcement

Responding to investor complaints and investigating allegations of fraudulent or otherwise unlawful practices lie at the heart of what the Office does, and the Act gives the Administrator broad enforcement authority. The Administrator may issue orders requiring that a person cease and desist from objectionable practices; revoking, suspending, limiting, or conditioning a license; barring a person from participating in the industry in Maine; censuring a licensee; revoking or suspending a securities registration; ordering payment of restitution; or imposing a civil fine. If an enforcement action involves an investor age 65 or older, and as a way to address increased focus on older investors, the Administrator can double any civil penalty imposed. In addition, the Administrator refers matters to the Attorney General for civil or criminal action, and the Office works closely with the Attorney General's staff as these cases make their way through the court system.

In fiscal year 2015, the Office ordered the payment of \$411,890.96 in restitution for Maine investors and assessed \$262,900.00 in penalties. The agency also issued eight consent orders, one administrative order following hearing, and executed one consent agreement for securities law violations. One criminal case investigated by the Office resulted in an individual receiving a sentence of 19 months incarceration. Since fiscal year 2007, the time of the last government evaluation accountability report, the Office ordered or obtained judgments ordering the payment of \$30,154,653.47 in restitution for Maine investors and assessed \$3,895,069.18 in penalties.

### Compliance Examinations

The Act authorizes the Administrator to conduct audits or inspections of broker-dealers and investment advisers licensed or required to be licensed by the Act. The Office conducts on-site examinations to verify that broker-dealers and investment advisers are complying with and keeping the records required by state and federal securities laws and regulations. In fiscal year 2015, the Office conducted 13 examinations of licensee offices.

Prior to 2011, the Office did not have a dedicated examination team. Rather, its investigators were tasked with conducting compliance audits, as well. Following the 2008 market crash, the Office saw an increase in unethical behavior on the part of broker-dealers and investment advisers due at least in part to the economic crisis. Additionally, enactment of the federal Dodd-Frank Act resulted in an increase in the number of investment advisers subject to the Office's jurisdiction. In 2011, the Office established a two-person examination team thereby increasing the resources necessary to identify and correct questionable practices that result, in some cases, in direct investor harm. Through the examiners' early identification of non-compliant activities, the Office has been able to partner with investment advisers and broker-dealers to help them correct deficiencies and remain in compliance with complex securities laws, which in turn helps ensure that their businesses run efficiently and effectively. Also, through the examination process, the Office has been able to identify violations by licensees that were referred for enforcement action and ultimately led to restitution for victims, some of whom were elderly.

### Investor Education & Industry Outreach

The Office's investor education program provides meaningful, objective information on investing and regulatory compliance to the people and businesses of Maine. For consumers, many of the Office's outreach presentations focus on Maine's seniors, as they are often the targets of financial exploitation. In-person presentations cover subjects ranging from avoiding investment fraud to selecting a financial professional. In delivering these messages, the Office partners with various community organizations and agencies that also serve Maine's seniors. In 2014, the Office partnered with Maine's financial institutions through the Maine Council for Elder Abuse Prevention, to launch Senior\$afe: a training program for bank and credit union personnel. The training identifies the red flags of elder financial exploitation, provides reporting options, and identifies the Office as the state intake agency for cases that are outside the jurisdiction of Adult Protective Services at Maine's Department of Health and Human Services. To reach younger community members, the Office partners with Maine Jump\$tart Coalition to sponsor the annual Financial Education Conference. The conference, going into its seventh year, brings together teachers and administrators from across the state to discuss best practices, network, and learn about financial literacy resources available for their classrooms.

For industry, the Office periodically provides guidance on specific compliance issues, legislative changes, and licensing questions. To assist with electronic distribution of this

guidance, the Office offers GovDelivery services to allow interested members of the community, both consumers and financial professionals, to receive alerts from the Office. To ensure that new financial professionals know their regulator and are focused on regulatory compliance, financial professionals in Maine must attend a seminar to learn about the various functions of the Office prior to licensure. This biweekly seminar outlines common deficiencies and what to expect from a branch examination. It also provides an opportunity for new licensees to ask questions.

### ***C. Organizational Structure***

The Office is directed by the Securities Administrator and has 16 authorized positions. The Administrator is responsible for the administration and enforcement of the Act, the Regulations of the Sale of Business Opportunities, and the Maine Commodity Code. The Office is divided into three divisions: the enforcement division, the examination and licensing division, and the corporate finance division. The Office's organizational chart is found in Attachment E.

### ***D. Repealed, P.L. 2013 c. 307***

### ***E. Financial Summary***

The Office's financial summary is found in Attachment E.

### ***F. Repealed, P.L. 2013 c. 307***

### ***G. Areas of Coordination with Other State and Federal Agencies***

The Office has coordinated its efforts with the following state and federal agencies in achieving its objectives:

#### ***Department of the Secretary of State***

The Office requests information from the Bureau of Corporations, Elections and Commissions within the Department of the Secretary of State during investigations of alleged violations of securities laws.

The Office also utilizes database information from the Bureau of Motor Vehicles within the Department of the Secretary of State during some investigations of alleged violations of securities laws.

Department of Administrative and Financial Services

The Office coordinates with the Department of Administrative and Financial Services on accounting procedures with assistance from staff in the Office of the Budget and the Department's assigned Security and Employment Service Center.

Office of the Maine Attorney General

The Office collaborates with an assigned Assistant Attorney General (AAG) during investigations. The AAG drafts enforcement actions or reviews actions drafted by investigative staff. Additionally, the AAG represents the Office and/or hearing officer in administrative hearings. Upon completion of a thorough investigation, the Administrator refers cases to the Attorney General's Office for civil and criminal prosecution. The AAG represents the Administrator in litigation including civil cases brought on behalf of the Administrator. Office investigative staff assists the AAG in civil and criminal trial preparation and appear as witnesses.

Maine Department of Health and Human Services

The Office works in cooperation with the Department of Health and Human Services on matters pertaining to the loss of occupational or professional licensure for failure to meet child support obligations. In addition, the Office works with the Office of Aging and Disability Services on issues related to elder financial exploitation.

Maine Department of Public Safety, SBI

Coordination between the Office and the State Bureau of Identification (SBI) within the Department of Public Safety relates to the identification and background checks of license applicants and licensees.

Other State and Provincial Securities Regulators

The Office collaborates and coordinates certain activities through NASAA. This relationship involves all areas of securities regulation; matters of regulatory policy; joint enforcement actions; and joint compliance examinations.

Federal Agencies

*U.S. Securities and Exchange Commission:* matters of regulatory policy; enforcement matters; joint enforcement actions; and joint investor education presentations.

*Financial Industry Regulatory Authority (FINRA):* matters of regulatory policy; enforcement matters; joint enforcement actions; and joint investor education presentations.

*U.S. Department of Justice:* refer investigations to FBI; and refer cases to U.S. Attorney for prosecution. The Office also attends a monthly meeting coordinated by the U.S. Attorney's Office to review Suspicious Activity Reports (SARs) involving Maine subjects.

*U.S. Commodity Futures Trading Commission:* refer complainants and joint investigations.

*U.S. Department of Labor:* refer ERISA issues and joint investigations.

*U.S. Consumer Financial Protection Bureau:* refer complainants; discuss matters of regulatory policy; and joint investor education presentations.

## ***H. Constituencies***

The primary constituency of the Office is Maine consumers who have purchased or may purchase investments. The number of consumers who purchase investments, as well as the amount they invest, has increased during the last 10 years. Maine consumers, like those throughout the nation, have purchased investments as they save for retirement and their children's education, in particular.

Other constituencies of the Office include issuers seeking to sell securities in Maine, broker-dealers, agents, investment advisers, investment adviser representatives, and sellers of business opportunities.

## ***I. Alternative Delivery Systems***

The Office has actively pursued alternative delivery systems to carry out its mission. Currently, all license applications are received electronically through a computerized licensing system built and operated by FINRA, the entity that was created in July 2007 through the consolidation of NASD and the member regulation, enforcement, and arbitration functions of the New York Stock Exchange (NYSE).

Part of that system, Web CRD®, was developed under a contract between FINRA and NASAA.

Another part of the system, IARD<sup>SM</sup>, was developed jointly by the SEC and NASAA. FINRA collects the corresponding licensing fees from applicants and licensees and forwards them electronically to the Office.

As noted in the last government evaluation accountability report, the Office began to receive one type of notice filing for federal covered securities and the accompanying fees electronically. Currently, the Office receives 70 percent of this type of notice filings electronically and will continue to encourage use of this functionality.

As mentioned above, in November of 2014 the Office began permitting Form D notice filings to be submitted electronically through NASAA's EFD, the use of which is expected to expand considerably.

The Office will continue to develop the capability to receive applications to register securities, filings for exemptions from registration, and other types of notice filings for federal covered securities electronically.

The Office receives consumer complaints electronically through its online presence ([www.investors.maine.gov](http://www.investors.maine.gov)). The Office's website provides access to the Act and the rules adopted by the agency. It also offers extensive information and resources to the Office's constituencies. Additionally, the Office posts its enforcement actions on its website, including actions brought by the Office of the Attorney General from referrals made by the Office of Securities. The Office also posts consent agreements that informally resolve investigations. Further, the agency offers GovDelivery services to allow interested members of the community, both consumers and financial professionals, to receive alerts from the Office through the web-based notification system.

## ***J. Emerging Issues***

### *Cybersecurity*

Not unlike other industries, broker-dealers and investment advisers are vulnerable to cyberattacks. In addition to phishing attacks and malware, firms are experiencing increasing exposure to hackers attempting to breach systems in order to gain access to financial account information. Further, firms are guarding against account takeovers in which a third party uses a client's identification in order to convince a firm to transfer the client's assets to outside accounts oftentimes outside of the United States.

The first step in addressing this concern is to gather information about current practices utilized by the industry to guard against attacks. As a member of NASAA, the Office participated in a pilot survey project in which Maine's investment advisory firms were asked for information regarding cybersecurity practices. Four hundred and forty registered investment advisers from nine states participated in the survey. This information formed the basis for a report issued by NASAA which provides foundational information to assist state securities regulators in better understanding the practices of and challenges faced by our state licensed investment advisers.

The second step will be to increase information flowing back to the industry in terms of educational programs and regulatory guidance. In moving forward, the Office will continue to collaborate both with its state counterparts through ongoing efforts within NASAA as well as with its federal counterparts, the SEC and FINRA.

### *Aging of Maine's Population*

The aging of the population continues to present a major challenge for those involved in policing the sale of investments and investment advice. Addressing senior financial exploitation is difficult but critical. Many in our elderly population are vulnerable due to social isolation and distance from family, caregivers, and other support networks. Maine has the oldest median age in the country with over 17 percent of its population age 65 and older, according to the latest U. S. Census statistics. It is estimated by the Census Bureau that by 2030, more than 25 percent of Maine's population will fall in that category.

Older adults are often targets of financial fraud, scams, and exploitation; in part, because they own tangible assets like homes and pension streams that are attractive to scam artists. Older adults are often retired and no longer accumulating wealth, and they may rely upon their savings or additional money for health care or other medical services. When a financial fraud or exploitation occurs, even seniors with significant savings have a limited ability to recoup their losses.

The increasing use of the internet and social media to market complex investment products and services alongside outright scams creates an enormously challenging situation for all investors but particularly older investors who often tend to be more isolated and trusting. This situation has been exacerbated by changes at the federal level allowing for increased marketing and sales of some investment products to less sophisticated investors.

All of the above contributes to opportunities to take advantage of our older population. Some in the securities industry may target older investors by offering free lunches or dinners professing no obligation to buy anything even though the goal is to sell high-commission, often illiquid products. More serious abuses can include selling unregistered or even fake securities or enticing older investors to participate in pyramid or Ponzi schemes.

This area of concern warrants a comprehensive approach which includes enhanced education of industry and investors, consistent reporting, improvement of referral systems, and increased enforcement. In 2014 the Office partnered with the Bureau of Financial Institutions, the Maine Department of Health and Human Services Office of Aging and Disability Services, the Maine Bankers Association, the Maine Credit Union League, Maine Legal Services for the Elderly, and the Maine Association of Area Agencies on Aging to develop SeniorSafe. As mentioned above, SeniorSafe is an initiative for financial institutions that trains bank and credit union personnel to identify and report suspected cases of elder financial exploitation. Once reported, the Office of Securities can immediately assess the situation and commence an investigation, if within the Office's jurisdiction. If not within the Office's jurisdiction, staff will assure that an appropriate referral is made to the correct agency. The Office has expanded SeniorSafe by making the same training available to members of the securities industry.

Additionally, the Office has continued its efforts to reach senior investors directly through its investor education program. Numerous presentations have been made in the community. The Office also continues to expand offerings of written materials through its website and is readily available by telephone or e-mail to assist senior investors with questions.

#### Possible Efforts to Preempt State Authority

The latest efforts to preempt state authority are in the area of corporate finance and the registration of securities offerings. Following the enactment by Congress of the JOBS Act, which directed the SEC to establish a specific definition of qualified purchaser, state securities regulators acknowledged that state review of certain securities offerings under the federal Regulation A could be improved. As a result, states developed and implemented a coordinated review process not only streamlining the process but also eliminating longstanding requirements that resulted in inefficiencies. Nonetheless, and despite Congress' recognition that these offerings can be high risk and states play a critical role in discouraging fraud, the SEC adopted a rule which redefines the term qualified purchaser in such a way as to preempt state review of certain securities registration filings under the federal Regulation A.

Efforts to preempt state review of securities offerings are misplaced. Not only have the states banded together to create a more efficient method for review of Regulation A offerings, more than two dozen states, including Maine, have moved ahead of the SEC in authorizing securities-based crowdfunding opportunities in order to encourage the entrepreneurial spirit. By designing a crowdfunding approach that fits the demographics of our state, we are able to offer an approach informed by local businesses and not Congressional or federal agency focus.

Moreover, it is critical to have a strong and independent securities regulatory agency in Maine to protect current and future investors. Neither the SEC nor FINRA has a presence in the State. As a result, without the Office, an aggrieved investor would have to travel to Boston and deal with an agency which tends to focus on larger market issues and not on the consumer protection concerns that are most common in Maine.

More effective coordination between federal and state regulatory agencies is needed. The securities markets may operate on Wall Street, but stocks, bonds, and other investments are sold on Main Street. At the state level, securities regulation is, at its heart, consumer protection in a specialized context. The state-federal system of regulation is collaborative and complementary, but there must be greater emphasis on continued cooperation and shared efforts.

#### Steady Growth in Workload

The securities industry, and thus the workloads of those who regulate it, is characterized by steady and substantial growth. This is perhaps best reflected in the number of agents of broker-dealers (commonly referred to as stockbrokers) licensed by the Office. In just



this past fiscal year alone, the Office saw an increase of almost 7 percent. The numbers as of the end of the indicated fiscal years are below:

<u>Fiscal Year</u>	<u>Licensed Agents</u>
1992	17,892
1997	36,535
2002	59,904
2007	72,798
2012	94,640
2014	99,102
2015	105,848

Although technological advances have made the mechanics of the licensing process easier, they do not significantly affect the time required to review applications or address complaints. Indeed, the types of complaints received involve increasingly complex investment products that are not always adequately explained by the financial professionals selling them. As the above chart shows, the growth identified in the last Government Evaluation Accountability report continues, so the Office will have to continue to find ways to generate efficiencies and best leverage the resources available to it.

#### ***K. Information Requested by Committee***

None requested.

#### ***L. Comparison of Related Federal Laws and Regulations***

The first state securities laws were adopted 20 years before federal securities laws. In 1913, two years after Kansas adopted the first "blue sky" law, Maine enacted a statute relating to "Dealers in Securities," to be administered by the Bank Commissioner. The first federal securities law was the United States Securities Act of 1933.

Today, the Office is part of a coordinated regulatory effort consisting of federal and state securities regulators. With the number of first time investors on the rise, strong regulation on both the state and the federal level is necessary to protect their investments and to maintain investor confidence.

The industry is regulated at the national level by the SEC and self-regulatory organizations, the largest self-regulatory organization being FINRA.

The Office handles the majority of complaints from Maine investors. The federal regulators generally concentrate on issues of national importance, such as the integrity and transparency of our national securities markets, while state regulators respond to securities issues at the local level, such as investigating complaints of fraud and unethical practices.

### ***M. Collecting, Managing and Using Personal Information***

The Department maintains a specific policy regarding Social Security Numbers and personal information. It is intended to prevent the indiscriminate release of such personal information and to establish a procedure to assure that public and Freedom of Access Act (FOAAA) requests are made and responded to in accordance with the law.

Each Department agency has a designated attorney or manager responsible for processing and responding to requests for personal information, including FOAAA requests. If an employee receives a request from the public to review or copy documents containing personal information, the employee shall ask that the request be in writing. In addition, all responses to such requests shall be reviewed by the designated attorney or manager.

In processing a public or FOAAA request, each agency redacts information protected by statute. In addition, the agency determines whether the request can be responded to without supplying other personal information. Each agency may have specific information which is protected by law or regulation.

When posting information on the Department's website, agencies do *not* post personal information, such as home addresses and telephone numbers. An exception to this rule would be in cases in which such information is directly applicable to a licensee's business, such as when a home address is also a business address or a home telephone number is also a business telephone number, or when the information is included in a public document obtained from the court system, such as an Indictment or a Judgment and Commitment. Under no circumstances are Social Security Numbers to be posted.

Specific to the Office, the national licensing database, Web CRD®/IARD<sup>SM</sup>, operated by FINRA and used by all state and federal securities regulators, collects Social Security Numbers and home addresses. Both SSNs and home addresses are non-public information, under the Act and federal law, and they are not provided when information on licensees is requested. The only exception is when home addresses are designated by licensees on the license application as the business address.

### ***N. List of Reports, Applications and Other Paperwork***

The Office requires the filing of applications in its licensing and securities registration programs. Generally, the Office requires the filing of forms and information that are also required by other securities regulators. This is particularly true in the Office's licensing program.

Through NASAA, the Office has worked with both state and federal securities regulators, including the SEC, FINRA, and the NYSE, to develop uniform license application forms. As described in Section I, the Office receives its license applications electronically through a national computerized database operated by FINRA.

The list of applications required by the Office is found in Attachment E.

***O. List of Reports Required by the Legislature***

None required.

***P. List of Organizational Units and Programs***

See Attachment E.

***Q. Statutory Provisions Requiring Legislative Review***

None.

**DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**OFFICE OF PROFESSIONAL AND OCCUPATIONAL REGULATION**

***A. Enabling or Authorizing Law***

The Office of Professional and Occupational Regulation (OPOR) is authorized through the following sections of Maine law:

**10 MRSA § 8001(38)** establishes OPOR as the state administrative agency responsible for administering regulatory programs listed in that section;

**10 MRSA § 8003(2-A)** places OPOR within the Department of Professional and Financial Regulation and sets forth the statutory authority of the Director; and

**10 MRSA § 8003-A** establishes the authority of investigative personnel of OPOR to conduct investigations, issue citations, serve summonses and order corrections in accordance with specific statutory authority. In addition, this section requires OPOR to make the disposition of complaints publicly available. Many other sections of Title 10, Chapter 901 provide statutory authority for OPOR and its staff to act to protect the public.

**Correlation between Title 10 and Title 32 of Maine Revised Statutes:**

Title 32 contains chapters devoted to individual licensing programs now administered by the Office. These chapters contain provisions specific to one profession or occupation. For example, the provisions of Title 32, chapter 113 outline the professional duties, conduct and responsibilities of licensees of the Board of Accountancy. However, Title 10, section 8003-(5-A) sets forth the array of disciplinary sanctions that can be imposed by the Board of Accountancy and all other licensing programs within the Office. At the request of the Department, the Maine Legislature enacted PL 2007, chapter 402 which consolidated OPOR and licensing program enforcement and disciplinary authority in Title 10 section 8003-A.

***B. Description of Programs***

The Office of Professional and Occupational Regulation is a state administrative umbrella agency established by the Legislature to administer a wide variety of state regulatory boards and programs. It administers 37 state licensing programs, each of which is a separate state entity. Twenty-nine of these licensing programs have associated boards to which the Legislature has granted independent regulatory authority.

The Governor has statutory appointment authority to fill the approximately 270 board member positions. These positions include licensed practitioners in various professions and occupations as well as public member positions. The composition of each licensing

board is set forth in its enabling statute in Title 32. Eight additional programs are administered directly by Office staff without licensing boards.

OPOR and its licensing boards and programs are established for the sole purpose of protecting the public by licensing qualified individuals in each professional area and by imposing discipline on licensed individuals and entities to prevent harm to the public.

***Program Goal:*** To ensure that regulated individuals and businesses in professions and occupations that require a license provide safe services to the public and conduct themselves in an ethical manner.

***Program Objective:*** To license professionals who meet minimum state requirements, regulate licensee conduct through examination and enforcement of standards of practice and conduct, and imposition of discipline, when warranted.

OPOR staff is responsible for all regulatory and administrative functions associated with state regulation of professions to ensure protection of the public from unsafe and unethical providers of professional or occupational services that require a state license.

#### *Regulatory Functions*

**Licensing:** Full-time staff is responsible for application review, approval and denial of license applications, verification of applicant qualifications; maintenance of contracts for examination content, examination and score verification; providing information to applicants and licensees about license requirements and practice issues; review and approval and denial of license renewal applications; audit of continuing education; and resolving cases of continuing education compliance failures. Currently, the agency maintains license records for over 111,000 active and inactive licensees.

**Enforcement of Law and Rule:** An Administrative Complaint Process is designed to balance the need to safeguard the due process rights of licensees who may be the subject of a complaint, against the public's right to know about unethical or unsafe conduct of licensees and receive notification of the disposition of complaints. Complaints filed by consumers and other entities are docketed and processed in the OPOR Complaint Office which is managed by a staff attorney.

Incoming complaints against licensees are reviewed, investigated and forwarded to the applicable staff or board for final disposition. During FY 15 (July 1, 2014 – June 30, 2015) the Complaint Office reported activity in 1429 docketed cases. During the same time period, 1037 new complaints were opened, and 1055 were closed. Of the cases closed during the period, 326 were resolved through voluntary consent agreements, 394 were dismissed for lack of jurisdiction or lack of evidence of a violation; 34 were resolved by board decision and order; and 85 were dismissed with a letter of guidance. The balance represents license application denials and shared resolutions.

Complaint Investigation: Staff investigators work in coordination with program staff and assistant attorneys general to conduct investigations and report investigative information to the applicable complaint committee and prepare complaint information for presentation to the appropriate licensing entity.

Compliance Monitoring: Licensee compliance with board orders and voluntary consent agreements is monitored and coordinated by Complaint Office staff to ensure that licensees who are the subject of board discipline comply with limitations and conditions on their practices. Failure of licensees to comply can result in additional discipline.

Rulemaking: A staff attorney serves as rulemaking coordinator for licensing programs to ensure consistency and continuity of substantive rules and adherence to rulemaking requirements set forth in the Maine Administrative Procedure Act. The Office has statutory rulemaking authority separate from licensing programs to ensure standardization, consistency, and fairness in the complaint process, the validation of continuing education submissions, and fees for late renewal of licenses.

Financial Management of Dedicated Revenue: Program administrators are responsible for financial management of assigned licensing programs including preparation of biennial budget information based on historical data specific to each program; monitoring incoming dedicated revenue from license fees; analyzing trends in revenue streams and recommending fee adjustments to the Director when necessary to ensure financial stability of each program. Fee adjustments are made through the APA rulemaking process.

Policy Development: The Director coordinates with the Commissioner's Office and the administration to develop legislative proposals on behalf of the Office and its licensing programs when necessary.

Public Accessibility: The OPOR website is a multi-purpose public information tool that not only allows licensees to serve themselves by submitting initial license applications and renewing their licenses, but it also allows licensees, employers and the public to check the license status of a professional, obtain disciplinary information about a licensee, and download relevant statutes and rules. Public licensing information can be accessed online at [www.maine.gov//professionallicensing](http://www.maine.gov//professionallicensing). Recently, the licensing process has been streamlined. An applicant whose application is approved receives an e-mail notification that the license has been activated in the Agency Licensing Management System (ALMS). The licensee may then print the license, thus avoiding any delay traditionally associated with the printing and mailing of a license.

Public Accountability: The Freedom of Access Law (1 M.R.S.A. §401-410) ensures that all licensing board meetings are open to the public and that deliberations of boards are a matter of public record. However, Title 10 M.R.S.A. §8003-B establishes the rule of confidentiality for all complaints and investigative records of the agency during the pendency of an investigation. Agency staff responds to frequent Freedom of Access requests from members of the public and the media.

The licensing programs administered by OPOR are briefly described below. Additional information is found in Attachment F.

### **Board of Accountancy**

The Board of Accountancy was established to protect the public through regulation of the practice of public accountancy in the State of Maine. The primary responsibility of the Board is to examine, certify and license qualifying applicants to practice public accounting in the State; to revoke, suspend or refuse to renew any license or permit after proper notice and hearing; to promulgate rules of professional conduct; and to provide to the public information pertaining to licensed Certified Public Accountants, Public Accountants and Firms licensed by the Board.

### **Board of Alcohol & Drug Counselors**

The State Board of Alcohol and Drug Counselors was established to ensure high professional standards among alcohol and drug counselors that promote quality treatment and rehabilitation services individuals who suffer from alcohol and drug addiction. The Board's primary duties are to evaluate applicant qualifications, license applicants who meet requirements, investigate complaints and take appropriate disciplinary action against licensees when warranted.

### **Board for Licensure of Architects, Landscape Architects and Interior Designers**

The Board for Licensure of Architects, Landscape Architects and Interior Designers was established to protect the public and maintain high professional standards through examination and licensure of persons who wish to practice architecture, landscape architecture, and interior design in Maine. The primary responsibilities of the Board are to identify qualified applicants for licensure, to promulgate rules as necessary to establish standards and impose discipline when warranted.

### **Athletic Trainers Licensing Program**

The purpose of regulating athletic trainers is to protect the public from unqualified athletic trainers and from unprofessional conduct by persons licensed to use the title "Athletic Trainer." The Office reviews applications for licensure for the practice of athletic training and compiles/maintains current information on Maine-licensed Athletic Trainers.

### **Board of Licensing of Auctioneers**

The Board of Licensing of Auctioneers was established to protect the public and maintain high professional standards through examination and licensure of persons who wish to engage in auctioneering in Maine. The Board's responsibilities are to examine applicants who seek licensure; to promulgate rules establishing standards and to impose discipline when warranted.

### **Barbering and Cosmetology Licensing Program**

The Office of Professional and Occupational Regulation administers the Barbering and Cosmetology licensing program to protect the public through the regulation of the practice of barbering and cosmetology in the State of Maine. The primary responsibility of the Office is to regulate the practice of cosmetology, barbering, aesthetics and manicuring by qualifying applicants for licensure through the examination process. The staff investigates allegations of noncompliance and acts on these complaints by imposing discipline when necessary. The Office adopts safety and sanitation rules and enforces these rules through periodic inspections of licensed establishments and investigations of consumer complaints. In addition, the Office licenses and regulates schools that offer professional practice courses in the field of cosmetology and barbering.

### **Boiler and Pressure Vessel Safety Program**

The Boiler and Pressure Vessel safety program was established to preserve and protect the health of the people of the State of Maine by ensuring the safe construction, installation, alteration, repair, use and operation of boilers and pressure vessels in the State of Maine. The primary responsibilities of the Office are to evaluate qualifications of applicants, to grant licenses to those who meet board requirements, investigate complaints and take appropriate disciplinary action. State inspectors conduct inspections of units under state supervision when appropriate.

### **Charitable Solicitations**

The Office licenses Charitable Organizations and Professional Solicitors and provides the public with information about charitable financial activities. The primary responsibility of the Office is to review applicants for licensure who organize or operate for any charitable purpose and solicit, accept or obtain public contributions for any charitable purpose; and to compile and maintain current information on licensed Charitable Organizations and Professional Solicitors in Maine.

### **Board of Chiropractic Licensure**

The Board of Chiropractic Licensure was established to protect the public safety, health and welfare through regulation of chiropractic practice in Maine. The primary responsibility of the Board is to examine and license qualified applicants for practice in Maine, investigate complaints against licensees and take appropriate disciplinary action.

### **Board of Complementary Health Care Providers**

The Board of Complementary Health Care Providers was established to protect the public through the regulation of the practice of acupuncture and naturopathic medicine in Maine. The Board is authorized to examine and license qualified applicants, to adopt rules defining the qualifications and professional standards of acupuncturists and naturopathic doctors, to investigate complaints against its licensees and to take appropriate disciplinary action against licensees for violations of its statute and rules.

### **Board of Counseling Professionals Licensure**

The Board of Counseling Professionals Licensure was established to ensure that the public is protected by a common code of standards and ethics among those who represent



themselves as professional counselors qualified to assess and treat interpersonal and other dysfunctional behaviors, and to assist in the overall development and adjustment of those they serve. The primary responsibility of the Board is to examine and license qualified applicants to practice as professional counselors, clinical professional counselors, marriage and family therapists, and pastoral counselors in Maine.

### **Board of Licensure of Dietetic Practice**

The State Board of Licensure of Dietetic Practice was established to protect the public by requiring professional qualifications of dietitians and dietetic technicians and to assure availability to the public of information regarding those who hold themselves out to be dietitians and dietetic technicians. The primary responsibility of the Board is to examine and license qualified applicants to practice as dietitians and dietetic technicians in Maine.

### **Electricians' Examining Board**

The Electricians' Examining Board was established to protect the public from hazards arising from the use of electricity for light, heat, power and other purposes through the regulation of electricians in Maine. The primary responsibility of the Board is to ensure the competency of electricians through examination; to issue licenses to those qualified to hold the title of Master electrician, Journeyman electrician, Limited electrician, Apprentice electrician, Journeyman-in-training electrician or Helper electrician; to investigate complaints of noncompliance with or violations of the law and board rules; and to issue permits for certain types of electrical installations.

### **Elevator and Tramway Safety Program**

The Elevator and Tramway Safety program was established to protect Maine citizens and visitors from unnecessary mechanical hazards in the operation of elevators and tramways and to ensure that reasonable design construction is used, that accepted safety devices in inspections and adjustments considered essential for the safe operations of elevators and tramways are made. The primary responsibilities of the Office are to evaluate applicant qualifications, to oversee examinations of applicants, to grant licenses to those who meet statutory requirements, investigate complaints, and take appropriate disciplinary action; to ensure that maintenance, inspections and adjustments deemed essential for the safe operation of elevators and tramways are made and to issue certificates after completion of inspections.

### **Board of Licensure of Foresters**

The Board of Licensure of Foresters was established to protect the public from unqualified practitioners through the regulation of the practice of forestry in the State of Maine. The primary responsibility of the Board is to ensure the competency of foresters through examination; to issue licenses to qualified applicants; to investigate complaints of noncompliance with or violations of the state law and board rules and impose discipline when warranted.

### **Board of Funeral Services**

The State Board of Funeral Services was established to protect the public through the regulation of the practice of funeral services in the State of Maine. The primary

responsibilities of the Board are to examine and license qualified applicants for licensure to practice funeral service, to inspect funeral establishments and impose discipline when violations of law or rule are found to have occurred.

### **Board of Certification for Geologists and Soil Scientists**

The State Board of Certification for Geologists and Soil Scientists was established to ensure public safety through licensure of professional geologists and soil scientists defined by education and experience. The primary responsibility of the Board is to adopt rules of practice and impose discipline when warranted.

### **Interpreters for the Deaf and Hard of Hearing**

The Office of Professional and Occupational Regulation licenses and regulates interpreters for the deaf and hard of hearing. Program responsibilities include licensing qualified candidates, promulgating appropriate regulations and investigating complaints.

### **Board of Licensure for Professional Land Surveyors**

The State Board of Licensure for Professional Land Surveyors was established to protect the public through regulation of the practice of land surveying in the State of Maine. The primary responsibilities of the Board are to set practice standards through the adoption of rules and to impose discipline when warranted.

### **Manufactured Housing Board**

The Manufactured Housing Board was established to ensure that manufactured housing is safe from hazardous defects, provide uniform performance standards for construction and installation of manufactured housing, and provide a safe and sanitary environment for occupants residing in manufactured home parks. The primary responsibilities of the board are to promulgate rules defining the qualifications and professional standards of manufacturers, dealers and installers of manufactured housing, to investigate complaints against its licensees, and to take appropriate disciplinary action against noncompliance with its statute and rules.

### **Massage Therapy Licensure Program**

The Massage Therapy licensing program was established to regulate the conduct of persons offering massage therapy services in order to safeguard public health, safety, and welfare, and to protect the public from incompetent and unauthorized persons in Maine. The Office's primary responsibilities are to review and approve qualified applicants for licensure as licensed massage therapists, to promulgate rules as necessary, to investigate complaints and take disciplinary action for noncompliance with current laws and rules.

### **Nursing Home Administrators Licensing Board**

The Nursing Home Administrators Licensing Board was established to ensure that qualified applicants for licensure meet professional standards applicable to the general administration of a facility other than a hospital. The Board's primary responsibilities are to examine and license qualified applicants by ensuring that minimum core competency standards for general administration of a nursing home facility are met, and to impose discipline when warranted.

### **Board of Occupational Therapy**

The Board of Occupational Therapy Practice was established to protect the public through the regulation of the practice of occupational therapy in Maine. The primary responsibilities of the Board are to examine and license qualified applicants, to promulgate rules defining qualifications and professional standards of practitioners, to investigate complaints against licensees and to take appropriate disciplinary action against noncompliance with its statute and rules.

### **Maine Fuel Board**

The Maine Fuel Board was established to protect the public through the regulation of oil and solid fuel technicians, propane and natural gas technicians, energy auditors and related equipment in Maine. The primary responsibilities of the Board are to examine and license qualified applicants for licensure, to establish and maintain required board standards for safety, to investigate complaints of noncompliance or violations of board law or rules, and to impose appropriate discipline when warranted after proper notice and hearing.

### **Board of Pharmacy**

The Board of Pharmacy was established to protect the public through the regulation of pharmacists and pharmacies and related entities and individuals. The primary responsibilities of the Board are to examine qualified applicants for licensure; to regulate and control the sale, character and standards of all drugs, poisons or medicines; and to inspect apothecaries, dispensaries, and locations where pharmaceuticals are manufactured, stored, distributed, compounded, dispensed or sold. The Board also investigates complaints against licensees and takes appropriate disciplinary action when warranted.

### **Board of Examiners in Physical Therapy**

The State Board of Examiners in Physical Therapy was established to protect Maine citizens when they receive services from licensed physical therapists. The primary responsibilities of the Board are to oversee examinations of candidates for licensure to practice physical therapy, to verify credentials of applicants, to license and renew upon documentation of continuing education activities, to conduct complaint investigations pertaining to physical therapy and impose discipline when warranted.

### **Plumbers' Examining Board**

The Plumbers' Examining Board was established to protect the health of the people of Maine by ensuring compliance with appropriate safety and health standards for plumbing installations. The primary responsibilities of the Board are to establish qualifications and determine eligibility of licensure applicants, to investigate complaints of noncompliance or violations of the current board law or rules, and to impose discipline when warranted.

### **Board of Licensure of Podiatric Medicine**

The Board of Licensure of Podiatric Medicine was established to protect the public through regulation of the practice of podiatry in Maine by setting professional standards of conduct and practice. The primary responsibilities of the Board are to determine

eligibility of candidates for licensure to practice podiatry, adopt rules of practice, investigate complaints of unprofessional conduct and impose discipline when warranted.

### **Board of Examiners of Psychologists**

The State Board of Examiners of Psychologists was established to protect Maine citizens who receive psychological services from unprofessional or unethical practices. The primary responsibilities of the Board are to examine candidates for licensure, adopt appropriate rules of practice, investigate complaints against licensees and impose discipline when necessary.

### **Radiologic Technology Board of Examiners**

The Radiologic Technology Board of Examiners was established to protect the public from the effects of excessive and improper exposure to ionizing radiation. The primary responsibilities of the Board are to examine applicants for licensure, to adopt rules defining the qualifications and professional standards of practice, to investigate complaints and to take disciplinary action against licensees when warranted.

### **Real Estate Commission**

The Real Estate Commission was established to protect the public through the regulation of the real estate industry in Maine. It is charged with supervising real estate licensees to ensure that they meet standards which will promote public understanding and confidence in the business of real estate brokerage. The primary responsibilities of the Commission are to license qualified applicants as real estate agencies, real estate brokers, real estate associate brokers, and sales agents, to investigate alleged violations of the law, impose sanctions, and prescribe curricula and standards for real estate education programs.

### **Board of Real Estate Appraisers**

The Maine Board of Real Estate Appraisers was established to protect the public through examination and licensure of persons who wish to conduct real estate appraisals for a fee in the State of Maine as mandated by the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The primary responsibilities of the Board are to examine qualified applicants for licensure, to promulgate rules as necessary to ensure protection of the public to enforce the Uniform Standards of Professional Appraisal Practice (USPAP), investigate complaints against licensees and impose discipline when warranted.

### **Board of Respiratory Care Practitioners**

The Board of Respiratory Care Practitioners was established to safeguard the public health and safety by protecting the public from incompetent and unauthorized conduct by licensed respiratory care practitioners in the State of Maine. The primary responsibilities of the Board are to examine candidates for licensure to practice respiratory care, to investigate complaints against licensees and impose discipline when warranted.

### **State Board of Social Worker Licensure**

The State Board of Social Worker Licensure was established to regulate practitioners offering social work services; to protect the public from incompetent or unethical practice. The primary responsibilities of the Board are to examine applicants for

licensure, investigate complaints, and take disciplinary action against licensees when warranted.

### **Board of Speech, Audiology and Hearing**

The Board of Speech, Audiology and Hearing was established to license and regulate three separate but related professions—speech language pathologists, audiologists and hearing aid dealers. The primary responsibilities of the Board are to examine applicants for licensure, investigate complaints, and take disciplinary action against licensees, if warranted.

### **Regulation of Transient Sales**

The Office of Professional and Occupational Regulation licenses and regulates Transient Sellers who engage in the business of selling merchandise to consumers through personal contact or telephone contact by persons who do not have a permanent place of business in Maine. The Office also regulates door-to-door home repair sellers who engage in door-to-door solicitations or sales of home repair services who do not have a permanent place of business in Maine. The primary responsibilities of the Office are to review the credentials of qualified applicants for licensure as transient sellers and door-to-door home repair transient sellers, to promulgate rules as necessary, investigate complaints and take appropriate disciplinary action for noncompliance of current laws and rules.

### **Board of Veterinary Medicine**

The State Board of Veterinary Medicine was established to protect the public interest through the regulation of the practice of veterinary medicine. The primary responsibilities of the Board are to examine applicants for licensure, promulgate rules for the practice of veterinary medicine, investigate complaints against licensees and take appropriate disciplinary action when warranted.

## ***C. Organizational Structure***

The Office of Professional and Occupational Regulation is an umbrella state agency established by the Legislature in 1975 to provide critical regulatory infrastructure and continuity to public protection programs by coordinating the activity of over 270 licensing board members and a full-time staff of 55 state employees. The Director of the Office is responsible for ensuring that programs administered by the Office meet public protection mandates set by the Legislature. OPOR staff includes 6 program administrators, 25 investigators/field inspectors, one staff attorney, and 31.5 support staff.

The Office is organized into six work units, each of which is assigned responsibility for administration of up to 10 licensing programs. Each unit is headed by a program administrator who reports to the Director. Work units are assigned support staff and may include an investigator or field inspectors. An organizational chart is found in Attachment F.

## ***D. Repealed, P.L. 2013 c. 307***

### ***E. Financial Summary***

The Office of Professional and Occupational Regulation's financial summary is found in Attachment F.

### ***F. Repealed, P.L. 2013 c. 307***

### ***G. Areas of Coordination with Other State and Federal Agencies***

The Office of Professional and Occupational Regulation maintains close working relationships with many state agencies, sharing overlapping authority and/or enforcement responsibility.

#### *Office of the Governor and Department of the Secretary of State*

The Office shares a common database with the Governor's Office and the Secretary of State's Office containing board member information.

#### *The Office of the Attorney General*

The Attorney General's Office provides legal counsel to the Office of Professional and Occupational Regulation through mutual agreement. OPOR shares enforcement and oversight authority with the Attorney General's Office for charitable solicitations and transient seller activity. Information is referred to the Attorney General's staff regarding allegations of unlicensed practice brought to OPOR's attention.

#### *State Fire Marshal's Office and Department of Environmental Protection*

OPOR staff shares information and works in collaboration with the State Fire Marshal's Office and the Department of Environmental Protection, Bureau of Remediation, and share statutory authority for enforcement of adopted safety codes associated with those programs in the areas of inspection of oil, solid fuel, propane, and natural gas and electrical installations.

#### *Maine Department of Labor*

OPOR administrative and technical trade staff works collaboratively with the Department of Labor to ensure that military personnel and veterans who seek a professional license receive credit for their military training and experience. Staff of both agencies collaborates at statewide job and career fairs to assist military veterans in obtaining state licenses by documenting valuable military training and experience.

Maine Department of Agriculture

OPOR staff shares information with and may conduct joint investigations with the Animal Welfare Program within the Department of Agriculture, Conservation and Forestry on cases of animal abuse involving licensees of the Board of Veterinary Medicine.

Department of Education

OPOR staff shares information with the Maine Department of Education regarding the professions of speech pathology and audiology as well as interpreting for the deaf and hard of hearing. In addition, information on barbering and cosmetology school curricula and instructors is shared with the Office of Higher Education within the Department of Education

Department of Health and Human Services

OPOR staff shares information with the Maine Department of Health and Human Services with regard to medical radiation programs and funeral service. OPOR staff also shares information with the Division of Licensing & Regulatory Services, Medical Facilities Unit within the Department of Health and Human Services on dispensing of pharmaceuticals by pharmacists and pharmacy technicians in a hospital setting.

Additionally, OPOR coordinates with the Office of Substance Abuse within the Department of Health and Human Services with regard to the prescription drug monitoring program, as well as other alcohol and drug programs.

Department of Public Safety and U.S. Department of Justice

OPOR shares information regarding pharmacy practice with the Maine Drug Enforcement Agency within the Department of Public Safety on drug diversion issues; and with the staff of the New England Field Division of the U.S. Department of Justice, Drug Enforcement Administration on federal regulations adopted by the Board of Pharmacy.

Coordination between the Office and the State Bureau of Identification (SBI) within the Department of Public Safety relates to the identification and background checks of license applicants and licensees.

Maine Board of Licensure in Medicine

OPOR coordinates with the Maine Board of Licensure in Medicine and other boards that license health practitioners with prescriptive authority on the manner of the issuance of prescriptions, and with staff of the Maine Bureau of Insurance on 3rd-party prescription programs.

## ***H. Constituencies***

The Office serves the public at large, including more than 111,000 licensees, as well as applicants for licensure. Additionally, the agency serves over 270 board members appointed by the Governor, professional and trade associations at the state and national level, and the regulatory programs of other states.

## ***I. Alternative Delivery Systems***

The Office of Professional and Occupational Regulation was one of the first umbrella licensing agencies in the country to offer online license renewal services through a collaborative agreement with InforME. More recently, the Office has initiated online initial licensing in its efforts to achieve a paperless licensing process. Once approved for licensure, applicants receive notification by e-mail that includes a PDF of the official license. Licensees may then print their own licenses thus eliminating a costly printing and mailing process.

Current adoption rates for online license renewal have increased substantially since the service was initially rolled out. Today, the adoption rate is 75% overall. With increased use of online services comes greater reliance on our technology partners— the Office of Information Technology and InforME.

## ***J. Emerging Issues***

### ***Criminal Background Check Policy***

Many states require a Federal Bureau of Investigation criminal background check prior to initial licensure. Maine does not. Currently, Office policy requires that initial licensure applicants undergo a Maine criminal background check through the Department of Public Safety's State Bureau of Identification (SBI). Criminal history reports from SBI include only crimes committed in Maine and even then, the reports do not include all Maine criminal convictions.

Over the past 15 years, two trends have been observed. First, the number of applicants for licensure who fail to self-disclose criminal history in Maine or in another state has risen significantly. Second, the number of applicants for initial licensure coming into Maine from other states has also risen markedly. Taken together, these two trends have caused OPOR staff to be concerned about whether the current Office policy requiring only a Maine criminal background check for initial license applicants adequately protects Maine citizens. There are many documented cases in which the undisclosed criminal convictions of applicants are serious felonies involving drugs and firearms, and white collar crimes including fraud and embezzlement.

As OPOR monitors these trends and notes situations in which licensees with criminal backgrounds move from one state to another without disclosing criminal activity, there is



growing concern that a Maine SBI criminal history check is not sufficient to adequately protect the public from unsafe, unscrupulous, or dishonest practitioners.

OPOR intends to focus its efforts in the future on working with its constituent groups and their professional and trade associations to build support for a requirement that all licensees for initial licensure, regardless of their state of residence or whether they have been previously licensed in another state, undergo a Federal Bureau of Investigation criminal background check before an initial license is issued.

### *Trend toward National Licensing Compacts*

Several years ago state regulatory agencies routinely implemented reciprocity agreements with their counterparts in contiguous states as a way of expediting the licensing process for individuals licensed in a bordering state. Today, most reciprocity agreements have been abandoned and we are now seeing the emergence of the licensing compact model to address a more mobile society that makes full use of technology in professional practice. A licensing compact is designed to encompass states with substantially similar license requirements. If a state meets the qualifications and requirements of compact membership, that state's licensees may practice in any other state that maintains membership in the compact.

The nursing profession was the first to pursue the compact model. Today, 22 states have joined the compact. Within the last few years, the medical profession has begun to discuss a similar licensing compact and it is likely that the Legislature will be asked to consider a bill to allow Maine to join such a compact. The Federation of State Boards of Physical Therapy has recently released model language for a similar compact plan--the Physical Therapy Licensure Plan--to allow physical therapists to practice in any state that may join that compact.

Any model of this kind that would require interested states to accept the licensees of another state by virtue of membership raises many important issues that would need to be resolved, not the least of which is how enforcement of state law would occur. Both compacts (medical and physical therapy) are at early stages of development but they warrant significant scrutiny and analysis by state officials, professionals and the public as they develop.

### ***K. Information Specifically Requested by the Committee***

None requested.

### ***L. Comparison of Related Federal Laws and Regulations***

State regulation of real estate appraisers through the Maine Board of Real Estate Appraisers has been significantly overshadowed by federal statutes passed by Congress that have granted significant federal oversight authority over state appraiser licensing

programs to the Appraisal Foundation. The Foundation's Appraisal Qualifications Board (AQB) is the source of appraisal standards and qualifications.

Over the past ten years, the regulatory program of the Maine Board of Real Estate Appraisers has conformed to the licensing qualifications and continuing education requirements of the AQB which also requires the state to transfer \$50 for each license issued biennially to the federal authority to pay for federal regulation. The only role left for the state licensing board is to address complaints filed against Maine licensees. Even those board actions are scrutinized closely by the AQB and must meet federal standards.

Although other state licensing programs have aspects of federal oversight, regulation of the real estate appraisal profession stands out as a candidate for total federalization of regulation.

### ***M. Collecting, Managing and Using Personal Information***

All agencies within the Department collect personal information from applicants. In this context, "personal information" includes but is not limited to home address, telephone number, and financial and medical information. Sensitive personal information including Social Security Numbers is collected on license applications and during complaint investigations and compliance examinations.

The Department maintains a policy to raise awareness among employees about the proper use of Social Security Numbers and personal information. The policy is intended to prevent the indiscriminate release of such personal information and to establish a procedure to assure that public and Freedom of Access (FOAA) requests are made and responded to in accordance with the law.

The Department's policy is important for several reasons. Maine law provides that information in the State's possession is generally available to the public unless it is deemed confidential by statute. The Department now provides more information to the public online in response to public demand. Increased attention and concern are being focused at the state and national level on issues of privacy and access to sensitive, personal information.

The policy stipulates that Department employees are prohibited from releasing Social Security Numbers contained in agency files. Employees receive frequent requests for copies of license applications and lists of licensees. Employees must redact social security numbers on documents that are otherwise public before releasing documents that respond to these requests.

Each Department agency has a designated attorney or manager responsible for processing and responding to requests for personal information, including FOAA requests. If an employee receives a request from the public to review or copy documents containing personal information, the employee shall ask that the request be in writing. In addition, all responses to such requests shall be reviewed by the designated attorney or manager.

In processing a public or FOAA request, each agency redacts information protected by statute. In addition, the agency determines whether the request can be responded to without supplying other personal information. Each agency may have specific information which is protected by law or regulation.

When posting information on the Department's website, agencies do *not* post personal information except when such information is directly applicable to a licensee's business, such as when a home address is also a business address or a home telephone number is also a business telephone number. Under no circumstances are Social Security Numbers posted. Licensees may designate a specific contact address; they are **not** required to submit a home address.

Each agency uses its best efforts when collecting information to provide notice regarding whether the information will be treated as public or confidential information.

#### ***N. List of Reports, Applications and Other Paperwork***

OPOR receives more than 25,000 applications for initial licensure annually. Applications and required forms can be obtained at [www.maine.gov/pfr/professionallicensing](http://www.maine.gov/pfr/professionallicensing). Applicants and licensees are urged to use the efficient online services available for initial licensing, license renewal, change of address, phone and email addresses. Licenses may be renewed electronically 24 hours a day, 7 days a week, up to 60 days prior to the license expiration date. A list of licensing programs, licensee figures and other data are found at the beginning of Attachment F.

#### ***O. List of Reports Required by the Legislature***

None required.

#### ***P. List of Organizational Units and Programs***

See Attachment F.

#### ***Q. Statutory Provisions Requiring Legislative Review***

Under existing law of the Maine Board of Architects, Landscape Architects and Interior Designers, applicants for a Maine architect license are required to have three years of practical experience before they are eligible to take the required licensing examination provided by the National Council of Architectural Registration Boards (NCARB). NCARB has changed its eligibility requirements to take the exam. Moving forward, NCARB will allow applicants with less than 3 years of practical experience to sit for the NCARB exam. Title 32 sec. 220 specifically states that applicants must have three years of practical experience. This section of Maine law should receive legislative review for the purpose of giving the Board more flexibility to adapt to changes in eligibility standards. The Board would like to make it less burdensome for Maine applicants to obtain licensure. Currently, the Board does not have that flexibility.

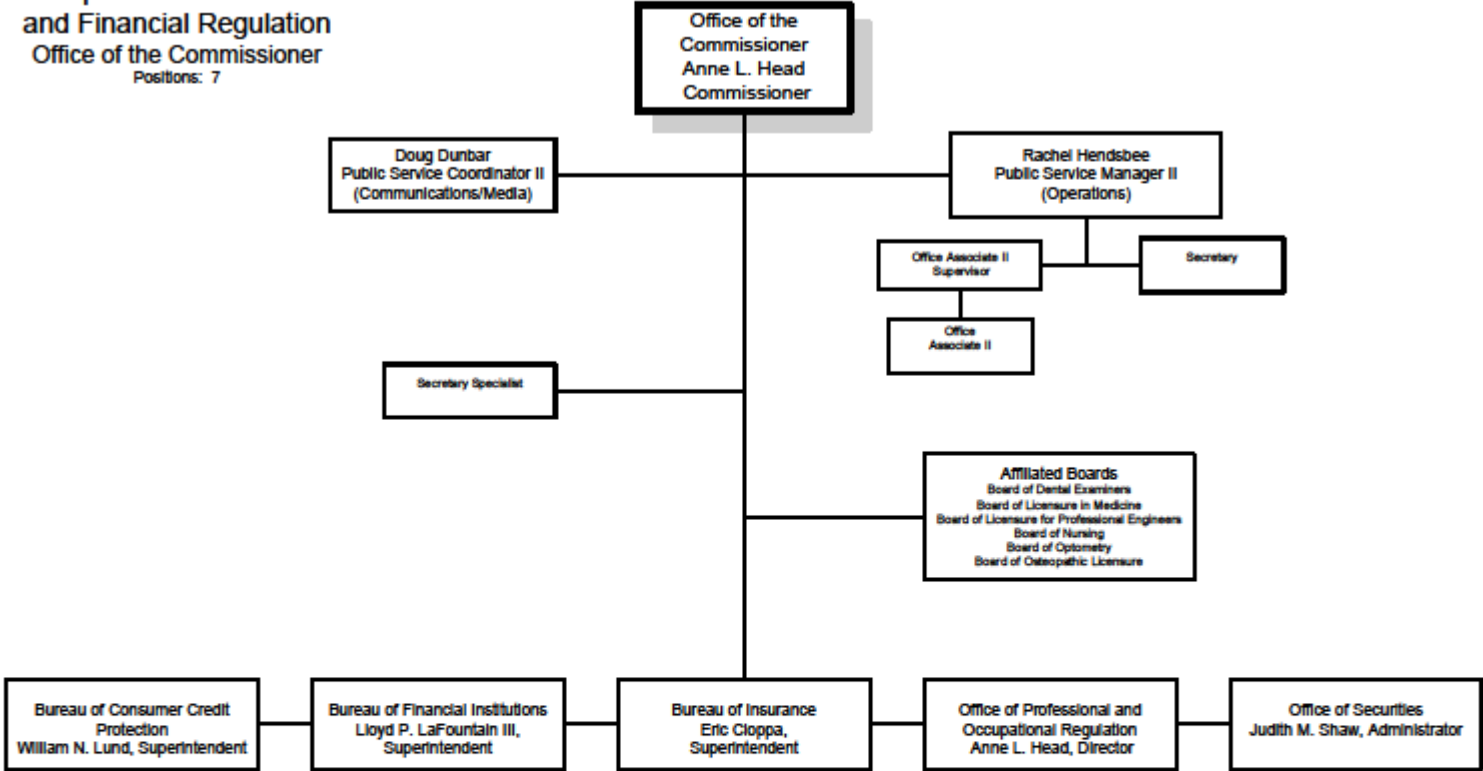
***DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION***

***ADMINISTRATIVE SERVICES DIVISION***

***ATTACHMENT A***

ORGANIZATIONAL CHART	74
FINANCIAL SUMMARY	75

Dept. of Professional  
and Financial Regulation  
Office of the Commissioner  
Positions: 7



PROGRAM:	<b>Administrative Service Division (0094)</b>										
FUNDING SOURCE:	<b>Dedicated Revenue</b>										
	FISCAL YEAR:	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>ALLOCATED</b>											
	PERSONAL SERVICES	957,632	534,183	505,272	432,792	470,960	562,395	549,575	559,293	510,005	535,920
	ALL OTHER	2,071,501	2,898,040	5,251,595	4,796,573	3,538,107	3,978,638	4,476,549	5,167,741	4,892,687	4,888,984
	CAPITAL EXPENDITURES			6,000		50,000	50,000				10,660
	<b>TOTAL</b>	<b>3,029,133</b>	<b>3,432,223</b>	<b>5,762,867</b>	<b>5,229,365</b>	<b>4,059,067</b>	<b>4,591,033</b>	<b>5,026,124</b>	<b>5,727,034</b>	<b>5,402,692</b>	<b>5,435,564</b>
<b>EXPENDED</b>											
	PERSONAL SERVICES	842,201	351,557	455,107	320,650	399,243	392,595	418,281	432,215	491,199	524,909
	ALL OTHER	1,942,639	2,570,357	3,364,881	3,364,169	4,034,733	3,622,729	3,884,526	3,682,575	4,193,325	4,534,321
	CAPITAL EXPENDITURES	-	-	2,966	-	-	-	-	-	-	10,660
	<b>TOTAL</b>	<b>2,784,839</b>	<b>2,921,914</b>	<b>3,822,953</b>	<b>3,684,819</b>	<b>4,433,976</b>	<b>4,015,325</b>	<b>4,302,807</b>	<b>4,114,790</b>	<b>4,684,524</b>	<b>5,069,890</b>

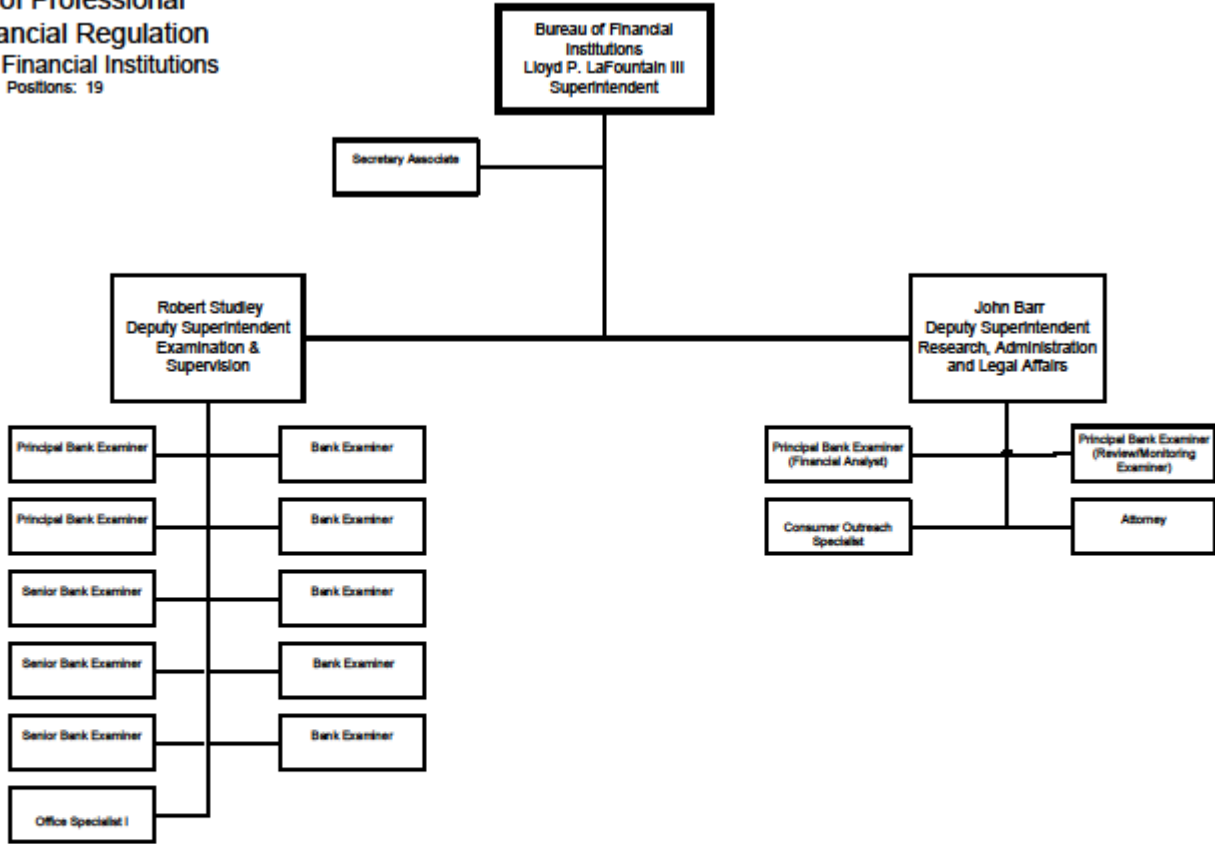
***DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION***

***BUREAU OF FINANCIAL INSTITUTIONS***

***ATTACHMENT B***

ORGANIZATIONAL CHART	76
FINANCIAL SUMMARY	77

Dept. of Professional  
and Financial Regulation  
Bureau of Financial Institutions  
Positions: 19





PROGRAM:	<b>Bureau of Financial Institutions (0093)</b>										
FUNDING SOURCE:	<b>Dedicated Revenue</b>										
	FISCAL YEAR:	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>ALLOCATED</b>											
	PERSONAL SERVICES	1,526,782	1,571,155	1,653,547	1,693,030	1,759,284	1,812,188	1,546,695	1,560,772	1,554,822	1,687,393
	ALL OTHER	631,913	645,767	636,877	644,377	644,377	644,377	644,377	644,377	644,153	645,326
	<b>TOTAL</b>	<b>2,158,695</b>	<b>2,216,922</b>	<b>2,290,424</b>	<b>2,337,407</b>	<b>2,403,661</b>	<b>2,456,565</b>	<b>2,191,072</b>	<b>2,205,149</b>	<b>2,198,975</b>	<b>2,332,719</b>
<b>EXPENDED</b>											
	PERSONAL SERVICES	1,518,032	1,527,207	1,358,518	1,543,583	1,510,017	1,441,766	1,388,348	1,307,452	1,396,999	1,481,363
	ALL OTHER	351,533	406,859	287,870	330,470	313,355	309,744	329,980	353,729	335,846	338,745
	<b>TOTAL</b>	<b>1,869,565</b>	<b>1,934,066</b>	<b>1,646,388</b>	<b>1,874,053</b>	<b>1,823,372</b>	<b>1,751,509</b>	<b>1,718,328</b>	<b>1,661,181</b>	<b>1,732,845</b>	<b>1,820,108</b>

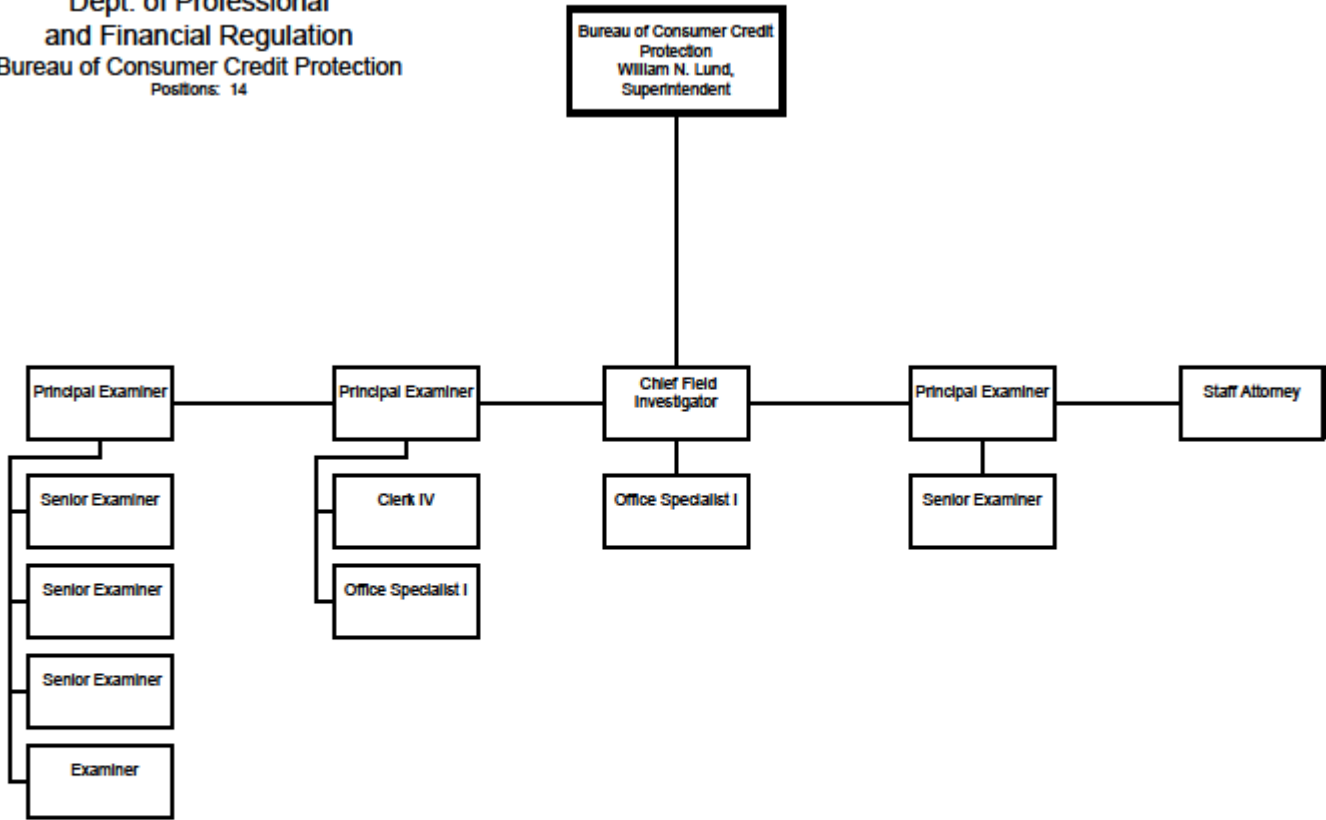
***DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION***

***BUREAU OF CONSUMER CREDIT PROTECTION***

***ATTACHMENT C***

ORGANIZATIONAL CHART	78
FINANCIAL SUMMARY	79
LIST OF REPORTS, APPLICATIONS AND OTHER PAPERWORK	80

Dept. of Professional  
and Financial Regulation  
Bureau of Consumer Credit Protection  
Positions: 14



PROGRAM:	<b>Bureau of Consumer Credit Protection (0091)</b>										
FUNDING:	<b>Dedicated Revenue</b>										
	FISCAL YEAR:	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>ALLOCATED</b>											
01402A009101	PERSONAL SERVICES	936,183	964,320	1,162,896	1,232,320	1,124,218	945,320	722,703	705,257	911,531	946,009
01402A009101	ALL OTHER	194,490	442,803	212,946	217,818	152,916	150,673	150,416	168,569	143,778	150,142
	<b>TOTAL</b>	<b>1,130,673</b>	<b>1,407,123</b>	<b>1,375,842</b>	<b>1,450,138</b>	<b>1,277,134</b>	<b>1,095,993</b>	<b>873,119</b>	<b>873,826</b>	<b>1,055,309</b>	<b>1,096,151</b>
01402A009103	FP - PERSONAL SERVICES					65,473	217,303	426,213	436,621	206,996	218,180
01402A009103	FP - ALL OTHER					1,059,534	495,314	1,117,702	1,058,039	774,324	680,540
	<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,125,007</b>	<b>712,617</b>	<b>1,543,915</b>	<b>1,494,660</b>	<b>981,320</b>	<b>898,720</b>
<b>EXPENDED</b>											
01402A009101	PERSONAL SERVICES	904,785	923,846	975,575	1,090,037	968,431	769,529	715,419	626,272	764,092	795,161
01402A009101	ALL OTHER	155,097	425,748	163,598	136,057	114,457	112,636	89,746	140,668	134,562	129,453
	<b>TOTAL</b>	<b>1,059,882</b>	<b>1,349,594</b>	<b>1,139,172</b>	<b>1,226,094</b>	<b>1,082,888</b>	<b>882,165</b>	<b>805,165</b>	<b>766,940</b>	<b>898,654</b>	<b>924,614</b>
01402A009103	FP - PERSONAL SERVICES					65,473	214,557	260,043	230,831	161,060	174,240
01402A009103	FP - ALL OTHER					280,507	823,343	890,484	1,011,551	868,867	521,136
	<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>345,980</b>	<b>1,037,900</b>	<b>1,150,528</b>	<b>1,242,381</b>	<b>1,029,927</b>	<b>695,376</b>

Bureau of Consumer Credit Protection  
Reports, Applications and other Paperwork

	<b>List of reports, applications and other paperwork required to be filed with the agency by the public</b>	<b>Statutory requirements for each filing requirement</b>	<b>Date each filing requirement was adopted</b>	<b>Frequency of filings required</b>	<b>Number of filings received annually for last 2 years and number of anticipated for next 2 years</b>	<b>Actions taken or contemplated to reduce filing requirements</b>
Supervised Lenders	Application, Bond, Financial Statement, Choice of attorney form, Articles of Incorporation or association and By-laws, Résumés of top three principal officers and a Credit Denial form	9-A MRS §§2-302, 9-201	1-1-1975	Annual	1240	Transition to NMLS. This allows a company to enter a singular filling or application when doing business in multiple states.
Debt Collectors	Application, Bond, Financial Statement, Fingerprint card, Charter and By-laws, proof of filing with the Maine Secretary of State if a foreign corporation, Power of Attorney form, Choice of attorney form, Résumé of applicant, a Statement describing the nature of the proposed operations and copies of collection form letters	32 MRS §11031	7-1-1978	2 Year Renewals	1010	Allow continuous bonds
Mortgage Loan Originators	On-line licensing through Nationwide Mortgage Licensing System (NMLS)	9-A MRS §2-302(5-A) (Supervised Lenders) §10-201 (Loan Brokers)	1-1-2005	Annual	5052	Internet only registration process minimizes staff time required
Loan Brokers	Application, Bond, a sample copy of a signed written agreement, written disclosures, list of creditors they represent and resumes of new Principal Officers, and proof of filing with the Maine Secretary of State if they are a foreign corporation	10 MRS §10-201	4-28-1989	Annual	178	Transition to NMLS. This allows a company to enter a singular filling or application when doing business in multiple states.

	<b>List of reports, applications and other paperwork required to be filed with the agency by the public</b>	<b>Statutory requirements for each filing requirement</b>	<b>Date each filing requirement was adopted</b>	<b>Frequency of filings required</b>	<b>Number of filings received annually for last 2 years and number of anticipated for next 2 years</b>	<b>Actions taken or contemplated to reduce filing requirements</b>
Credit Reporting Agencies	Application and copy of Consumer Disclosure forms	10 MRS §1328(G)	1991	Annual Renewal	66	
Money Transmitters	Application, Bond and Financial Statement, Proof of registration with FinCEN, a sample authorized delegate contract, a sample payment instrument, certificate of good standing from the State of incorporation, and copies of all SEC filings within the past year if applicable.	32 MRS §6103	1-31-2000	Annual Renewal	134	Transition to NMLS. This allows a company to enter singular filling or application when doing business in multiple states.
Check Cashers/Foreign Currency Exchangers	Application, Financial Statement, Résumé of applicant and a list of fees charged.	32 MRS §6133	1-31-2000	Annual Renewal	14	
Debt Management Service Providers	Application, Bond, Sample Contract, Proof of foreign corporation filing with Secretary of State, Schedule of Fees, Counselor Certification, Sample of company's consumer education program, a Sample of Periodic written report issued to consumers and a sample copy of a written contract to be used by the company.	32 MRS §6173	3-15-2000	Annual Renewal	110	
Payroll Processors	Application, Bond, Copy of charter and by-laws, proof of filing with the Maine Secretary of State if they are a foreign corporation or LLC, and a sample of periodic report.	10 MRS §1495(D)	1-31-2005	Annual Renewal	578	

	List of reports, applications and other paperwork required to be filed with the agency by the public	Statutory requirements for each filing requirement	Date each filing requirement was adopted	Frequency of filings required	Number of filings received annually for last 2 years and number of anticipated for next 2 years	Actions taken or contemplated to reduce filing requirements
Non-bank ATM operators	Application	32 MRS §6153	1-31-2000	Annual Renewal	1629	Adopting online registration process minimizing manual work.
Payday Lenders	Application, Bond, Financial Statement, Choice of attorney form, Articles of Incorporation or association and by-laws, Résumés of top three principal officers and a Credit Denial form	9-A MRS §2-302	8-23-2006	2 Year Renewal	12	
Manufactured Home Dealers	Application	9-A MRS §6-201	7-1-1986	Annual Renewal	18	
General Creditors	Application	9-A MRS §6-201	1-1-1975	Annual Renewal	608	
New Car Dealers	Application	9-A MRS §6-201	1-1-1975	Annual Renewal	224	
Used Car Dealers	Application	9-A MRS §6-201	1-1-1975	Annual Renewal	374	
Sales Finance Companies	Application	9-A MRS §6-201	1-1-1975	Annual Renewal	402	
Rent To Own Companies	Application	9-A MRS §11-101 <i>et seq.</i>	9-21-01	Annual Renewal	114	
Loan Servicers	Application	9-A MRS §6-201	9-17-2005	Annual Renewal	552	
Pawn Brokers	Application	9-A MRS §2-302	10-13-1993	Annual Renewal	124	
Repossession Companies	Application, Bond, Fingerprint Card, Financial Statement, Power of Attorney form, Sample of written contract and Résumé of applicant.	32 MRS §11031	7-1-1978	2 Year Renewal	56	

	List of reports, applications and other paperwork required to be filed with the agency by the public	Statutory requirements for each filing requirement	Date each filing requirement was adopted	Frequency of filings required	Number of filings received annually for last 2 years and number of anticipated for next 2 years	Actions taken or contemplated to reduce filing requirements
Litigation Funding Companies	Application, Bond and Financial Statement	9-A MRS §12-101 <i>et seq.</i>	1-1-2008	2 Year Renewal	8	
Real Estate Settlement Agencies	Application	10 MRS §1400-A <i>et seq.</i>	4-30-2009	Annual Renewal	488	
Insurance Premium Finance Companies	Application, Bond, Financial Statement	9-A MRS §2-302	1975	2 Year Renewal	4	
Employee Leasing Companies	Application, Evidence of Workman's Compensation Insurance coverage	32 MRS §14051 <i>et seq.</i>	2013	Annual Renewal	194	
NSF Check Diversion Companies	Application, Power of Attorney	32 MRS §11013-A(5) <i>et seq.</i>	9-12-2009	2 Year Renewal	2	
Foreclosure Purchasers	Application, Bond, Financial Statement	32 MRS §6191 <i>et seq.</i>	4-11-2008	2 Year Renewal	0	
IRS Code Sec. 1031 Exchange Facilitators	Application, Bond E/O Insurance	10 MRS §1395 <i>et seq.</i>	2009	Annual Renewal		
Residential Real Estate Property Preservation Providers	Application, Bond, Financial Statement, Fingerprint cards, Power of Attorney	32 MRS §11001 <i>et seq.</i>	8-1-2015	2 Year Renewal	7	
Refund Anticipation Loan Providers	Application, Bond, a sample copy of a signed written agreement, written disclosures, list of creditors they represent and resumes of new Principal Officers, and proof of filing with the Maine Secretary of State if they are a foreign corporation.	10 MRS §10-201	2009	2 Year Renewal	156	

TOTALS:

13,412



## REPORTS PRODUCED BY THE BUREAU OF CONSUMER CREDIT PROTECTION

- **In consultation with the Bureau of Financial Institutions, a Predatory Mortgage Lending report must be submitted annually to the Legislature on or before January 15<sup>th</sup>**
- **Truth-in-Lending report, prepared jointly with the Bureau of Financial Institutions, Consumer Financial Protection Bureau (CFPB) submitted annually to the in March or April**
- **Fair Debt Collection Practices Act enforcement update submitted biennially to the federal Consumer Financial Protection Bureau (CFPB), as part of the exemption granted to Maine by the CFPB for administering the state's collection laws**
- **Periodic Foreclosure report submitted quarterly to the Insurance and Financial Services Committee must include number of notices received and include information on the number of foreclosure filings based on data collected from the court and the Bureau of Financial Institutions and types of lenders that are filing foreclosures**
- **Semi-Annual Foreclosure Revenue report submitted every 6 months to the Appropriations and Financial Affairs Committee and Insurance and Financial Services Committee must include revenues and expenditures to operate the foreclosure program**
- **Litigation Funding Provider report submitted annually to the Insurance and Financial Services Committee**

**DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**BUREAU OF INSURANCE**

***ATTACHMENT D***

ORGANIZATIONAL CHART	85
FINANCIAL SUMMARY	86
LIST OF REPORTS, APPLICATIONS AND OTHER PAPERWORK	87



PROGRAM:	<b>Bureau of Insurance (0092)</b>										
FUNDING SOURCE:	<b>Dedicated Revenue</b>										
	FISCAL YEAR:	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>ALLOCATED - 01402A009201</b>											
	PERSONAL SERVICES	5,640,347	5,798,527	6,181,719	6,346,108	6,674,781	6,874,579	6,030,602	6,131,669	6,097,464	6,375,626
	ALL OTHER	3,051,969	3,144,505	1,792,559	3,838,153	2,690,184	3,625,127	2,033,249	2,026,731	2,087,640	2,830,991
	CAPITAL EXPENDITURES										
	<b>TOTAL</b>	<b>8,692,316</b>	<b>8,943,032</b>	<b>7,974,278</b>	<b>10,184,261</b>	<b>9,364,965.00</b>	<b>10,499,706</b>	<b>8,063,851</b>	<b>8,158,400</b>	<b>8,185,104</b>	<b>9,206,617</b>
<b>EXPENDED - 01402A009201</b>											
	PERSONAL SERVICES	5,283,533	5,640,316	5,724,842	5,406,416	5,630,157	5,644,307	5,235,914	5,061,111	5,526,941	5,753,517
	ALL OTHER	1,168,557	1,697,538	1,334,851	1,291,463	2,956,591	1,868,206	1,307,476	1,418,130	1,475,014	1,771,739
	CAPITAL EXPENDITURES	-	-	-	-	-	-	-	-	-	-
	<b>TOTAL</b>	<b>6,452,090</b>	<b>7,337,854</b>	<b>7,059,693</b>	<b>6,697,879</b>	<b>8,586,748</b>	<b>7,512,513</b>	<b>6,543,390</b>	<b>6,479,241</b>	<b>7,001,954</b>	<b>7,525,255</b>

List of Reports required to be filed with the agency by the public									
<u>Filings</u>	<u>Type of Company</u>	<u>How Often</u>	<u>Statutory Reference</u>	<u>Date Requirement Adopted or Amended</u>	<u>Paper or Electronic</u>	<u>Number Received 2013</u>	<u>Number Received 2014</u>	<u>Number Expected 2015</u>	<u>Number Expected 2016</u>
Annual statement w/ exhibits	Domestic insurers, HMOs	Annual	24-A M.R.S. sec. 423	1993	Paper	23	24	24	24
Quarterly financial statement w/ exhibits	Domestic insurers, HMOs	Quarterly	24-A M.R.S. sec. 423A	1985	Paper	51	55	57	57
Audited Financial Statements	Domestic insurers, HMOs	Annual	24-A M.R.S. sec. 221-A	2009	Paper	17	18	20	20
Audited Financial Statements	Foreign or Alien insurers	Annual upon request	24-A M.R.S. sec. 221-A	2009	Paper	0	0	0	0
Downstream Risk Arrangement Disclosure	Health Insurers	Annual	24-A M.R.S. sec. 4336(B)(2)		Paper				
Maine Fraud and Abuse Report	Insurers	Annual	24-A M.R.S.A. § 2186(4)	1997	Electronic	1,278	1,260	1,260	1,260
Life, Health & Annuity Guaranty Assessment Base Recon Exhibit	Life & Health Insurer	Annual	24-A M.R.S. sec. 423		Paper				
Liquor Liability Report	P/C Insurer, Surplus Lines Ins.	Annual	28-A M.R.S.A. § 2517	1987	Electronic	789	788	788	788
Workers Comp Benefits Report	All Workers' Comp writers	Annual	39-A M.R.S. sec. 358-A		Either	331	331	331	331
Form B Holding Company Registration	Domestic insurers	Annual	24-A M.R.S. sec. 222	2013	Paper	13	15	15	15
Most Recent Report of Examination	Risk Retention Group	As completed	Title 24-A MRSA section 6095	1987	Either				
Quarterly RMAP Report	Med mal writers	Quarterly	Reg CH. 630 (5) (A)	2014	Either	108	124	140	140
Annual RMAP Report	Med mal writers	Annual	Reg CH. 630 (5) (A)	2014	Either	27	31	35	35
RMAP Assessment Report	Self Insured Physicians not filing Quarterly or Annual RMAP Report	Due in fall as assigned	Reg CH. 630 (4)(9)	2014	Either	699	746	800	800

Renewal	Workers' Comp. Self-Insurer	Annual	39-A M.R.S. sec. 403 and Rule Ch. 250	1991	Paper	78	79	79	79
Carrier aggregate benefits paid report			26 M.R.S.A. § 61(2)	2013	Electronic	331	331	331	331
Self-Insurer aggregate benefits paid report	Workers Comp Self Insurers	Annual	39-A M.R.S.A. § 403(17); 26 M.R.S.A. §61 (1-A) and 39-A M.R.S.A. § 154(5)	1995	Electronic	78	80	80	80
Transactions with affiliates	Domestic Insurer	Transactional	24-A M.R.S. sec. 222(9)	2013	Paper	3	16	9	9
Change of control of domestic insurer (Form A)	Acquiring Interest	Transactional	24-A M.R.S.A. sec. 222	2013	Paper w/some electronic	0	1	1	1
Corporate reorganizations including mergers, demutualizations	Domestic insurer	Transactional	24-A M.R.S ch. 47		Paper w/ some electronic	0	1	2	2
Annual Report	Maine Insurance Guaranty Association	Annual	24-A M.R.S. sec. 4445		Either	1	1	1	1
Annual Report	Me. Life & Health Ins. Guaranty Association	Annual	24-A M.R.S. sec. 4615		Either	1	1	1	1
Annual Report	Me. Self-Insurance Guaranty Association	Annual	24-A M.R.S. sec. 404(8)	1991	Either	78	80	80	80
Mandated Benefits	Active Health Insurers	Annual	<ul style="list-style-type: none"> <li>• 24-A §2837-A (Screening Mammograms)</li> <li>• 24-A § 2840-A (Chiropractic Services)</li> <li>• 24-A § 2842 (Alcohol &amp; Drug Dependency Treatment)</li> <li>• 24-A § 2843 (Mental Health</li> </ul>	Various: 1983, 1991, 1993, and 1995	Electronic	449	449	449	449

			<ul style="list-style-type: none"> <li>Services)</li> <li>• 24-A § 4234-A (Mental Health Coverage Services)</li> <li>• 24-A § 4237 (Breast Cancer Treatment)</li> <li>• 24-A § 4237-A. (Screening Mammograms)</li> <li>• Information regarding reporting requirements is also contained in Bulletin 292.</li> </ul>						
Credit Insurance	Insurers with Credit Insurance	Annual	24-A M.R.S.A. § 2865	2001	Electronic	44	57	57	57
Self-insurance Payroll	Self-Insurers	Annual	24-A M.R.S.A. § 2392(24)(B)	1995	Electronic	77	78	78	78
Tick borne (Lyme)	Active Health Insurers	Annual	24-A M.R.S.A. § 4302(5)	2009	Electronic	446	448	448	448
Carrier	Active Health Insurers	Annual	24-A M.R.S.A. § 4302(4)	2001	Electronic	452	451	451	451
945	Active Health Insurers	Annual	24-A M.R.S.A. § 423-D and Rule Chapter 945	2003	Electronic	449	449	449	449
286-A Supplemental	Active Health Insurers	Annual	Bulletin 286-A		Electronic	450	450	450	450
940	Active Health Insurers	Annual	24-A M.R.S.A. §4309-A and Rule Chapter 940	2011	Electronic	450	450	450	450
TPA	Third Party Administrators	Annual	24-A M.R.S.A. § 1906(4)	2001	Either	293	306	318	330
Medical Malpractice Claims		Transactional	24 M.R.S.A. §2601 - 2607		Electronic or Paper	165	220	220	220
Long-Term Care	Active Health Insurers	Annual	24-A M.R.S.A. § 5078 and Rule Chapter 425	1999, AMD 2007	Electronic	441	443	443	443

<b>Licensing Filings</b>								
<b>Filing</b>	<b>Type of Licensee</b>	<b>How often</b>	<b>Statutory reference</b>	<b>Paper or Electronic</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
License app.	Adjuster	Initial	24-A M.R.S.A. sec. 1411	Paper	1366	1757	1600	1600
License renewal	Adjuster	Biennial	24-A M.R.S.A. sec. 1424-A	Paper	0	9162	0	9200
License app.	Agency, Consulting & Adjusting Firms	Initial	24-A M.R.S. sec. 1413	Either	505	500	500	500
license renewal	Agency, Consulting & Adjusting Firms	biennial	24-A M.R.S. sec. 1416-A	either	5423	934	5423	934
Branch location reg.	Agency, Adjusting Firms	Initial	24-A M.R.S. sec. 1413	Paper	496	654	237	400
Termination	Agency, Consulting & Adjusting Firms	Transactional	24-A M.R.S. sec. 1413	Either	582	152	600	160
License app.	Motor vehicle rental co.	Initial	24-A M.R.S. sec. 1413	Paper	0	0	0	0
License app.	Consultant	Initial	24-A M.R.S. sec. 1462	Paper	1	3	7	1
License renewal	Consultant	Biennial	24-A M.R.S. sec. 1416-A	Paper	25	38	25	38
Registration	Employee Leasing Co. (PEO)	Initial	32 M.R.S. sec. 14053	Paper	moved to BCCP			
Registration renewal	Employee Leasing Co. (PEO)	Annual	32 M.R.S. sec. 14053	Paper	moved to BCCP			
License app.	Producer	Initial	24-A M.R.S. sec. 1411	Either	12883	14440	14000	14000



<b>Filing</b>	<b>Type of Licensee</b>	<b>How often</b>	<b>Statutory reference</b>	<b>Paper or Electronic</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Producer appointments	Insurer	Transactional	24-A M.R.S. sec. 1420-M	Either	74534	90128	70000	70000
Appointment renewal	Insurer	Biennial	24-A M.R.S. sec. 1420-M	Paper				
Appointment termination	Insurer	Transactional	24-A M.R.S. sec. 1420-N	Either	58694	73541	38000	40000
Disciplinary action in other jurisdiction	Producer	Transactional	24-A M.R.S. sec. 1420-P	Either				
Insurance vending machine license	Producer	Initial	24-A M.R.S. sec. 1444-A	Paper	0	0	0	0
Insurance vending machine license	Producer	Biennial	24-A M.R.S. sec. 1444-A	Paper	0	0	0	0
License app.	Surplus Lines Producer	Initial	24-A M.R.S. sec. 2012	Paper	166	160	160	160
Registration	Structured Settlement Transferee	Initial	24-A M.R.S. sec. 2242	Paper	2	4	0	0
Registration renewal	Structured Settlement Transferee	Annual	24-A M.R.S. sec. 2242	Paper	13	13	15	15
Registration	Continuing education vendor	Initial	Rule Ch. 542	Paper	12	17	10	10
Registration renewal	Continuing education vendor	Biennial	Rule Ch. 542	Paper	0	237	0	237
Course approval app.	Continuing education vendor	Prior approval	24-A M.R.S. sec 1483	Paper	778	756	400	400
Course records	Continuing education vendor	W/in 30 days after course	Rule Ch. 542	Paper	Data not available			
Changes in Information	Multiple licensees	Transactional	Per individual license laws	Either	Data not available			

### Form and Rate Division Filings

Filing	Type of License	Frequency	Statutory Reference	Paper or Electronic	Number Received 2013	Number Received 2014	Number Expected 2015	Number Expected 2016
Rate and Form Filings	Life/Health Insurers	Transactional	24-A M.R.S. § 2412, 2736, 2808-B et al	Either	2323	1820	1820	1820
Rate and Form Filings	Property/Casualty Insurers	Transactional	24-A M.R.S. § 2412 et al	Either	3434	3463	3800	3650
License	Medical Utilization Review Entity	Initial and Annual Review	24-A M.R.S. §2771	Paper	Not available	66	66	66
Report	Medical Utilization Review Entity with Maine business	Annual	24-A M.R.S. §2847	Electronic	Not available	7	7	7
Registration	Preferred Provider Arr Administrator	Initial and Annual Review	24-A M.R.S. §2674-A	Paper	53	58	60	60
License	Viatical & Life Settlement Provider	Initial and Annual Review	24-A M.R.S. §6803	Paper	17	18	19	20
Medical Liability Claim Report	Medical Malpractice Insurer	Transactional	24-A M.R.S. §2601	Paper	165	220	Unknown	Unknown
Medical Liability Claim Disposition	Medical Malpractice Insurer	Transactional	24-A M.R.S. §2602	Paper	443	233	Unknown	Unknown
Loss Reserve Explanation	Workers' Comp Insurer	Annual	39-A M.R.S. §357(2)	Paper	1	1	1	1

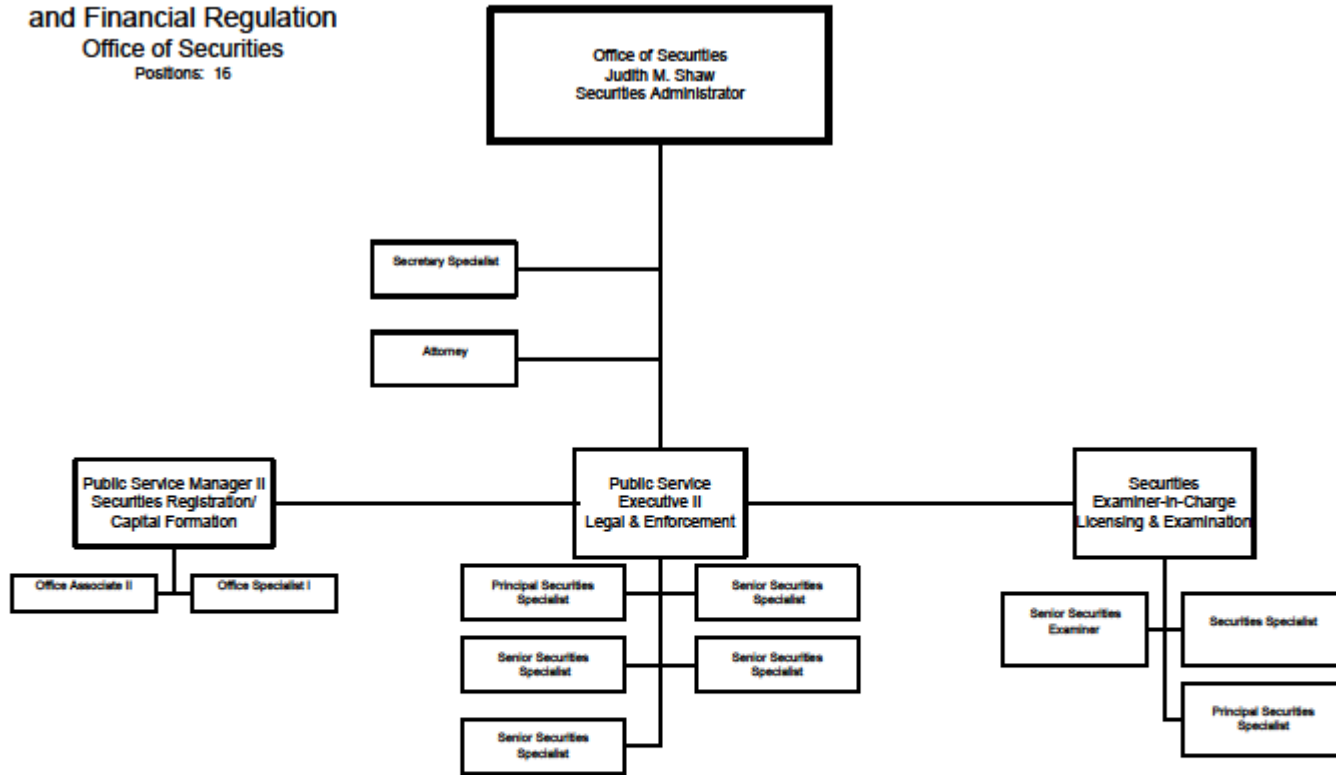
**DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**OFFICE OF SECURITIES**

***ATTACHMENT E***

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Dept. of Professional  
and Financial Regulation  
Office of Securities  
Positions: 16



PROGRAM:	Office of Securities (0943)										
FUNDING SOURCE:	Dedicated Revenue										
	FISCAL YEAR:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>ALLOCATED</b>											
01402A094301	PERSONAL SERVICES	915,113	946,617	1,011,114	944,830	954,956	1,150,755	1,051,191	1,068,750	1,209,847	1,360,674
01402A094301	ALL OTHER	302,452	309,909	316,743	315,016	330,765	345,532	401,634	399,454	366,488	369,212
	<b>TOTAL</b>	<b>1,217,565</b>	<b>1,256,526</b>	<b>1,327,857</b>	<b>1,259,846</b>	<b>1,285,721</b>	<b>1,496,287</b>	<b>1,452,825</b>	<b>1,468,204</b>	<b>1,576,335</b>	<b>1,729,886</b>
01402A094302	INVESTOR EDUCATION - ALL OTHER		20,000	20,074	20,074	80,000	80,000	80,000	80,000	80,000	80,000
<b>EXPENDED</b>											
01402A094301	PERSONAL SERVICES	864,605	873,749	896,941	917,963	919,609	929,297	1,011,752	1,068,023	1,195,662	1,232,699
01402A094301	ALL OTHER	228,039	239,479	256,695	248,555	226,706	253,054	249,836	276,962	269,656	274,739
	<b>TOTAL</b>	<b>1,092,644</b>	<b>1,113,228</b>	<b>1,153,636</b>	<b>1,166,518</b>	<b>1,146,314</b>	<b>1,182,351</b>	<b>1,261,588</b>	<b>1,344,985</b>	<b>1,465,318</b>	<b>1,507,438</b>
01402A094302	INVESTOR EDUCATION - ALL OTHER		617	8,205	7,719	14,096	11,558	6,724	7,291	12,965	12,093

## OFFICE OF SECURITIES

### Lists of Reports, Applications and Other Paperwork

#### 1. Securities registration requirements

##### a. Applications to Register Securities

###### (1) Securities Registration by Coordination

These are securities registration filings made by issuers offering their securities in Maine who are also registering their securities with the U.S. Securities and Exchange Commission (“SEC”).

- (1) Statutory authority  
32 M.R.S.A. §16303
- (2) Date adopted or last amended  
December 31, 2005
- (3) Frequency  
Prior to any offer of the securities in Maine. The registration is effective for one year from the date it is declared effective. If the offering lasts longer than one year, the issuer must file a renewal application.
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 396  
FY2015 – 447  
FY2016 – 475  
FY2017 – 475
- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication  
The Maine Office of Securities (the “Office”) requires the filing of the registration statement filed with the SEC, a uniform application to register securities, a consent to service of process, and a fee of \$1,000 for each type or class of security offered in Maine. Filing requirements have been reduced to require only the registration statement filed federally. The Office requests other documents only as needed during its review, many of which are available electronically from the SEC.

###### (2) Securities Registration by Qualification

These are securities registration filings made by issuers offering their securities in Maine.

- (1) Statutory authority  
32 M.R.S.A. §16304
- (2) Date adopted or last amended  
March 2, 2014
- (3) Frequency  
Prior to any offer of the securities in Maine. The registration is effective for one year from the date it is declared effective. If the offering lasts longer than one year, the issuer must file a renewal application.
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 0  
FY2015 – 1  
FY2016 – 1  
FY2017 – 1

- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication

The Office requires the filing of a registration statement, a uniform application to register securities, a consent to service of process, and a fee of \$1,000 for each type or class of security offered in Maine. If the total amount of proceeds that the issuer is raising in state and out of state does not exceed \$1 million, the filing fee is \$300 for each type or class of security offered in Maine.

The contents of the registration statement are specified in 32 M.R.S.A. §16304(2). The Office has adopted simplified registration statements for use by issuers raising less than \$1 million pursuant to 32 M.R.S.A. §§ 16304(6) and 16304(6-A).

The information required is comprehensive because, once the Office registers the offering, the registration statement becomes the offering document. Full disclosure is the hallmark of securities registration so investors can make informed decisions.

## **b. Filings for Exemptions from Registration**

### **(1) Limited Private Offering Exemption**

These are exemption filings made by issuers organized under the laws of Maine or by issuers that the Administrator determines by order have their principal places of business in Maine.

- (1) Statutory authority  
32 M.R.S.A. §16202(15)
- (2) Date adopted or last amended  
March 20, 2007
- (3) Frequency  
The issuer files a notification of exemption before making the offering.
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 4  
FY2015 – 5  
FY2016 – 5  
FY2017 – 5

- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication

This exemption is for small Maine issuers that are not selling to more than 25 purchasers in Maine and are not making a public solicitation of their offerings. The issuers must believe that the purchasers are purchasing for investment, and they must give a copy of the notification to each offeree. The notification contains important information about the issuer and the offering to help investors make informed decisions.

### **(2) Viatical or Life Settlement Contracts**

These are exemption filings made for offers of investments in viatical or life settlement contracts.

- (1) Statutory authority  
32 M.R.S.A. §16202(25)
- (2) Date adopted or last amended

- December 31, 2005
- (3) Frequency  
The issuer files a notice specifying the terms of the offer prior to any offer in Maine.
  - (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 0  
FY2015 – 0  
FY2016 – 0  
FY2017 – 0
  - (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication  
There has been a history of abusive sales practices by issuers who offer investments in viatical settlement contracts. This filing requirement provides the Office with information about issuers offering these types of investments in Maine. Issuers that comply with the requirements of the exemption are not required to register their securities in Maine, reducing paperwork.

The underlying viatical or life settlement transaction with the viator cannot violate the Viatical and Life Settlements Act. The Administrator requires that specific disclosure documents are given to each offeree or purchaser.

We require a notice specifying the terms of the offer, a consent to service of process, and a fee of \$300 for each type or class of security sold.

The Administrator has five full business days to disallow the exemption.

**(3) Nonpublic offerings exempt under §4(2) of the U.S. Securities Act of 1933**

These are notice filings made by issuers offering their securities in private placements exempt from registration under §4(2) of the U.S. Securities Act of 1933.

- 1) Statutory authority  
32 M.R.S.A. §16202(26)
- (2) Date adopted or last amended  
July 12, 2010
- (3) Frequency  
15 days after the first sale of an offering is made in Maine
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 0  
FY2015 – 0  
FY2016 – 0  
FY2017 – 0
- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication  
These securities are exempt from federal registration, but the issuer must file “Form D” with the SEC. The Form D contains limited information about the issuer and the security. The Office requires issuers to submit a copy of the Form D, a consent to service of process, and a fee of \$300 for each type or class of security sold.



The Office has begun accepting electronic Form D filings through the North American Securities Administrators Association's (NASAA) Electronic Filing Depository (EFD), an internet-accessible database that allows issuers to submit a Form D to multiple states electronically.

**(4) Exemption for Offers and Sales to Accredited Investors**

These are notice filings made by issuers offering and selling their securities to accredited investors as defined by the SEC.

- (1) Statutory authority  
32 M.R.S.A. §16203  
Implemented by Rule Chapter 537
- (2) Date adopted or last amended  
December 31, 2005
- (3) Frequency  
15 days after the first sale of an offering is made in Maine
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 1  
FY2015 – 0  
FY2016 – 1  
FY2017 – 1
- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication  
This exemption is contained in Rule Chapter 537 and was originally adopted in 1998 to provide an exemption from securities registration to issuers who offer and sell securities only to accredited investors. The goal of the Office was to provide a coordinated exemption for these issuers on both the federal and the state level.

An issuer that complies with the exemption is allowed to make a general public announcement of the offering that contains specified information.

The Office requires a minimal filing – a notice of transaction on the Model Accredited Investor Exemption Uniform Notice of Transaction, a consent to service of process, and a fee of \$300 for each type or class of security sold. The Notice of Transaction Form is a uniform form developed by NASAA for use by all states that adopt this exemption.

**c. Notice Filings for Offerings of Federal Covered Securities**

**(1) Notice filings for federal covered securities under §18(b)(2) of U.S. Securities Act of 1933**

These are notice filings made by investment companies to indicate they are offering their securities in Maine. The most common type of investment company is a mutual fund.

- (1) Statutory authority  
32 M.R.S.A. §§16302(1) and (2)
- (2) Date adopted or last amended  
December 31, 2005
- (3) Frequency  
Annually
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years

FY2014 – 31,159  
FY2015 – 33,645  
FY2016 – 33,500  
FY2017 – 33,500

- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication

A federal law enacted in 1996 preempts states from regulating federally registered investment companies. As a permitted notice filing, the Office requires the submission of a uniform investment company notice filing form, a consent to service of process, and a fee of \$1,000 for each type or class of security offered in Maine.

Seventy percent of these filings and the accompanying fees are now received electronically. The Office encourages electronic filing; thus the number filed electronically is expected to increase.

**(2) Notice filings for federal covered securities under §18(b)(4)(E) of the U.S. Securities Act of 1933**

These are notice filings made by issuers offering their securities in private placements or to accredited investors under an exemption from federal registration under Rule 506 of Regulation D.

- 1) Statutory authority  
32 M.R.S.A. §16302(3)
- (2) Date adopted or last amended  
July 12, 2010
- (3) Frequency  
15 days after the first sale is made in Maine
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 392  
FY2015 – 350  
FY2016 – 350  
FY2017 – 350

- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication

A federal law enacted in 1996 preempts states from most regulation of securities offered under this federal rule. The Office requires a notice filing on Form D (the form required to be filed with the SEC), a consent to service of process, and a fee of \$300 for each type or class of security sold.

The Office has begun accepting electronic Form D filings through NASAA's EFD, an internet-accessible database that allows issuers to submit a Form D to multiple states electronically.

**2. Licensing requirements**  
**a. Applications for Licensing**

**(1) Broker-Dealers**

- (1) Statutory authority  
32 M.R.S.A. §§16401 and 16406

- Implemented by Rule Chapter 504, Section 3
- (2) Date adopted or last amended  
December 31, 2005
- (3) Frequency  
Annually, with renewal filing made by December 31 of each year.
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years
  - FY2014 – 87 initial applications; 1,234 renewals
  - FY2015 – 81 initial applications; 1,239 renewals
  - FY2016 – 85 initial applications; 1,240 renewals
  - FY2017 – 85 initial applications; 1,240 renewals

- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication  
The Office receives virtually all of its initial and renewal license applications electronically through a computerized license system used by state securities regulators, the SEC, and FINRA. State securities regulators, the SEC, and FINRA require applicants to file uniform application forms that can be entered into the system electronically by the applicant. FINRA collects all licensing fees and forwards them electronically to the Office. Also, since 2013, the Office has accepted responses to licensing-related requests and other communications electronically, making the licensing process more efficient.

**(2) Agents**

- (1) Statutory authority  
32 M.R.S.A. §§16402 and 16406  
Implemented by Rule Chapter 504, Section 3
- (2) Date adopted or last amended  
December 31, 2005
- (3) Frequency  
Annually, with renewal filing made by December 31 of each year.
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years
  - FY2014 – 2,523 initial applications; 93,748 renewals
  - FY2015 – 2,597 initial applications; 98,081 renewals
  - FY2016 – 2,650 initial applications; 102,000 renewals
  - FY2017 – 2,650 initial applications; 102,000 renewals

- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication  
The Office receives virtually all of its initial and renewal license applications electronically through a computerized license system used by state securities regulators, the SEC, and FINRA. State securities regulators, the SEC, and FINRA require applicants to file uniform application forms that can be entered into the system electronically by the applicant. FINRA collects all licensing fees and forwards them electronically to the Office.

**(3) Investment Advisers**

- (1) Statutory authority  
32 M.R.S.A. §§16403 and 16406

- Implemented by Rule Chapter 515, Section 3
- (2) Date adopted or last amended  
December 31, 2005
- (3) Frequency  
Annually, with renewal filing made by December 31 of each year.
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 10 initial applications; 1,004 renewals  
FY2015 – 16 initial applications; 1,040 renewals  
FY2016 – 12 initial applications; 1,050 renewals  
FY2017 – 12 initial applications; 1,050 renewals
- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication  
The Office receives virtually all of its initial and renewal license applications electronically through a computerized license system used by state securities regulators, the SEC, and FINRA. State securities regulators, the SEC, and FINRA require applicants to file uniform application forms that can be entered into the system electronically by the applicant. FINRA collects all licensing fees and forwards them electronically to the Office.

**(4) Investment Adviser Representatives**

- (1) Statutory authority  
32 M.R.S.A. §§16404 and 16406  
Implemented by Rule Chapter 515, Section 4
- (2) Date adopted or last amended  
December 31, 2005
- (3) Frequency  
Annually, with renewal filing made by December 31 of each year.
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 569 initial applications; 2,199 renewals  
FY2015 – 458 initial applications; 2,413 renewals  
FY2016 – 500 initial applications; 2,600 renewals  
FY2017 – 500 initial applications; 2,800 renewals
- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication  
The Office receives virtually all of its initial and renewal license applications electronically through a computerized license system used by state securities regulators, the SEC, and FINRA. State securities regulators, the SEC, and FINRA require applicants to file uniform application forms that can be entered into the system electronically by the applicant. FINRA collects all licensing fees and forwards them electronically to the Office.

**(5) Branch Offices**

- (1) Statutory authority  
32 M.R.S.A. §16410(F)  
Implemented by Rule Chapter 504, Section 3(5) and Rule Chapter 515, Section 3(5)
- (2) Date adopted or last amended

- December 31, 2005
- (3) Frequency  
Annually, with renewal filing made by December 31 of each year.
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 71 initial applications; 652 renewals  
FY2015 – 73 initial applications; 665 renewals  
FY2016 – 75 initial applications; 675 renewals  
FY2017 – 75 initial applications; 675 renewals
- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication  
The Office receives virtually all of its initial and renewal license applications electronically through a computerized license system used by state securities regulators, the SEC, and FINRA. State securities regulators, the SEC, and FINRA require applicants to file uniform application forms that can be entered into the system electronically by the applicant. FINRA collects all licensing fees and forwards them electronically to the Office.

**b. Filings for Exemptions from Licensing**

**(1) Licensing Exemption for Certain Foreign Broker-Dealers**

Broker-dealers registered or licensed in Canada with no place of business in Maine who comply with the requirements of Rule Chapter 507 may effect transactions with certain specific persons who became customers of the broker-dealers while the persons were resident in Canada.

- (1) Statutory authority  
32 M.R.S.A. §16401(4)  
Implemented by Rule Chapter 507
- (2) Date adopted or last amended  
December 31, 2005
- (3) Frequency  
Once
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 0  
FY2015 – 0  
FY2016 – 0  
FY2017 – 0
- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication  
We require that the broker-deal file the current application required by its home province or territory together with a consent to service of process.

The rule is an accommodation for Canadian broker-dealers that want to effect transactions with investors with whom they have a customer relationship that was established while the investor was resident in Canada. By complying with the notice filing requirement, Canadian broker-dealers may effect transactions with existing customers without becoming licensed in Maine.

**c. Notice Filings**

### **(1) Notice Filings for Offerings of Federal Covered Investment Advisers**

- (1) Statutory authority  
32 M.R.S.A. §16405  
Implemented by Rule Chapter 515, Section 5
- (2) Date adopted or last amended  
December 31, 2005
- (3) Frequency  
Annually, with renewal filing made by December 31 of each year.
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 65 initial notice filings; renewals unavailable  
FY2015 – 114 initial notice filings; 934 renewals  
FY2016 – 80 initial notice filings; 950 renewals  
FY2017 – 80 initial notice filings; 950 renewals
- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication  
A federal law enacted in 1996 preempts states from licensing investment advisers registered with the SEC. As a general rule, an investment adviser may only register with the SEC if it has assets under management of not less than \$100 million. The Office is permitted to require notice filings from investment advisers who are registered with the SEC and either (a) have a place of business in Maine or (b) do not have a place of business in Maine but had more than five clients in Maine during the preceding 12 months. The Office may require the filing of documents filed with the SEC solely for notice purposes, together with a consent to service of process and a fee.

The Office receives virtually all of its initial and renewal license applications electronically through a computerized license system used by state securities regulators, the SEC, and FINRA, including notice filings from federal covered investment advisers. State securities regulators, the SEC, and FINRA require applicants to file uniform application forms that can be entered into the system electronically by the applicant. FINRA collects all licensing fees and forwards them electronically to the Office.

### **3. Registration of Sellers of Business Opportunities**

- (1) Statutory authority  
32 M.R.S.A. §§4696 and 4697
- (2) Date adopted or last amended  
§4696 – September 30, 1989  
§4697 – October 9, 1991
- (3) Frequency  
Prior to offering, selling, advertising, or promoting the business opportunity in Maine. The registration is effective for one year commencing on the date of effectiveness. The seller may annually renew the registration. Failure to renew results in expiration of the registration. Seller is required to update its disclosure document as material information changes.
- (4) Number received annually for last 2 years and anticipated to be received annually for next 2 years  
FY2014 – 8 (3 registrations, 5 renewals)  
FY2015 – 7 (1 registration, 6 renewals)

FY2016 – 7

FY2017 – 7

- (5) Actions taken or contemplated to reduce filing requirements and paperwork duplication

A seller is required to file copy of a disclosure document that must be provided to offerees and provides evidence of a \$30,000 bond or establishment of \$30,000 escrow account.

The disclosure document must accurately and clearly disclose information about the business opportunity so that the purchaser can make an informed decision. The seller may use a disclosure statement meeting the requirements of the Federal Trade Commission if the statement meets or exceeds the disclosure requirements of 32 M.R.S.A. §4693.

**DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

**OFFICE OF PROFESSIONAL AND OCCUPATIONAL REGULATION**

***ATTACHMENT F***

LICENSING INFORMATION	105
ORGANIZATIONAL CHART	106
FINANCIAL SUMMARY	108



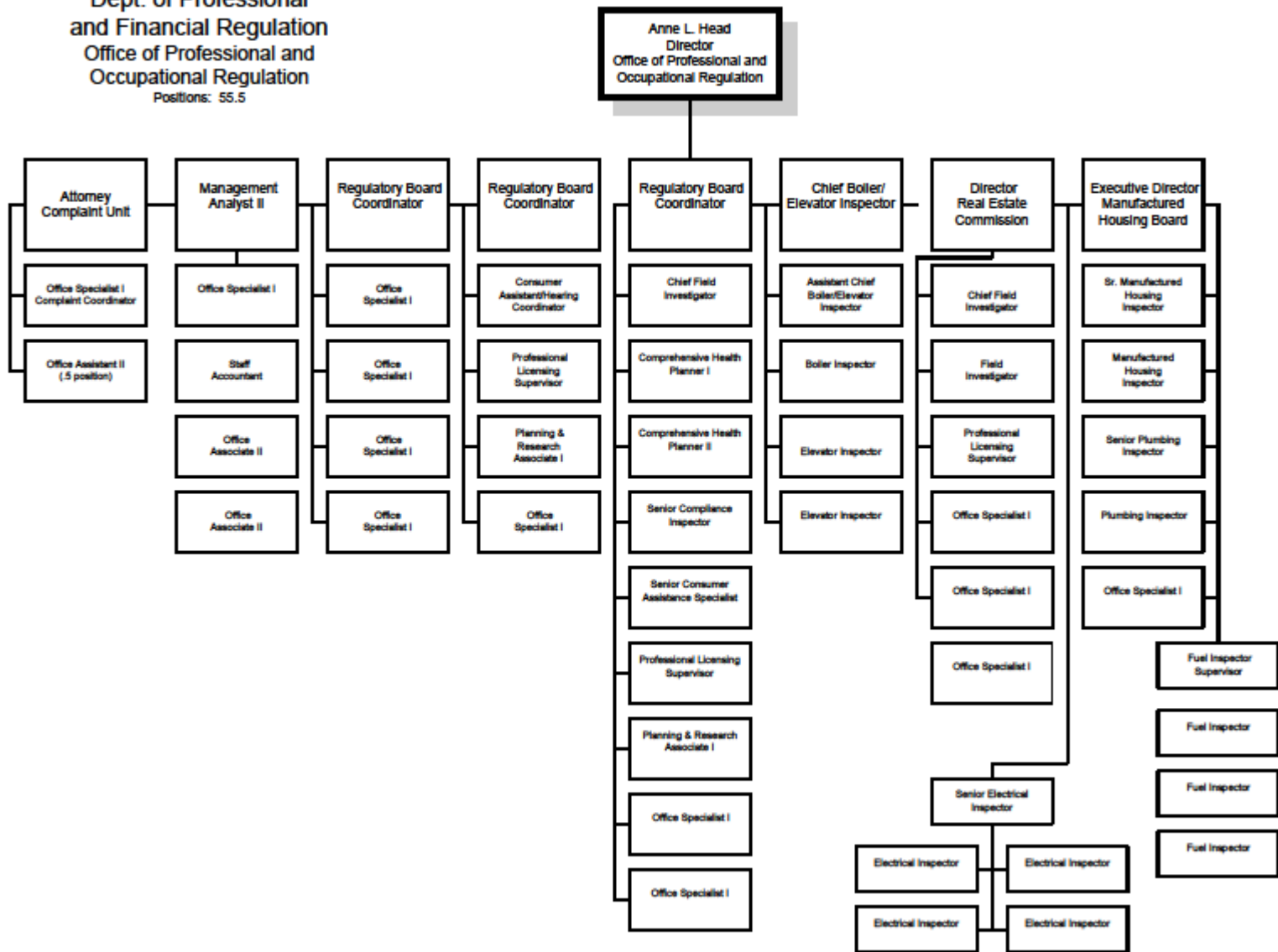
**DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
OFFICE OF PROFESSIONAL AND OCCUPATIONAL REGULATION  
LICENSING INFORMATION**

<b>Program Name</b>	<b>Number of Licensees</b>
ACCOUNTANCY	2,113 A
ALCOHOL & DRUG COUNSELORS	1,315 A
ALCOHOL & DRUG COUNSELORS	80 I
ARCHITECTS, LANDSCAPE ARCHITECTS & INTERIOR DESIGNERS	1,732 A
ATHLETIC TRAINERS	294 A
AUCTIONEERS	237 A
BARBERING & COSMETOLOGY	14,648 A
BOILER AND PRESSURE VESSEL	11,928 A
BOILER AND PRESSURE VESSEL	2,773 I
CHARITABLE SOLICITATIONS	3,991 A
CHIROPRACTIC	611 A
COMPLEMENTARY HEALTH CARE	270 A
COUNSELING PROFESSIONALS	1,534 A
COUNSELING PROFESSIONALS	21 I
DIETETIC PRACTICE	451 A
ELECTRICIANS	10,996 A
ELECTRICIANS	56 I
ELEVATOR AND TRAMWAY	5,048 A
ELEVATOR AND TRAMWAY	224 I
FORESTERS	841 A
FUEL	10,075 A
FUNERAL SERVICES	692 A
FUNERAL SERVICES	8 I
GEOLOGISTS & SOIL SCIENTISTS	320 A
INTERPRETERS/TRANSLITERATORS	135 A
LAND SURVEYORS	641 A
MANUFACTURED HOUSING	755 A
MASSAGE THERAPY	2,388 A
NURSING HOME ADMINISTRATORS	352 A
OCCUPATIONAL THERAPY	1,489 A
PHARMACY	8,889 A
PHARMACY	117 I
PHYSICAL THERAPY	2,394 A
PLUMBERS	3,506 A
PODIATRIC MEDICINE	82 A
PSYCHOLOGISTS	638 A
RADIOLOGIC TECHNOLOGY	1,801 A
REAL ESTATE APPRAISERS	670 A
REAL ESTATE COMMISSION	6,211 A
REAL ESTATE COMMISSION	702 I
REGULATION OF TRANSIENT SALES	1,394 A
RESPIRATORY CARE PRACTITIONERS	691 A
SOCIAL WORKERS	5,755 A
SOCIAL WORKERS	23 I
SPEECH, AUDIOLOGY AND HEARING	1,046 A
VETERINARY MEDICINE	1,110 A
<b>TOTAL NUMBER OF LICENSEES</b>	<b>111,047</b>

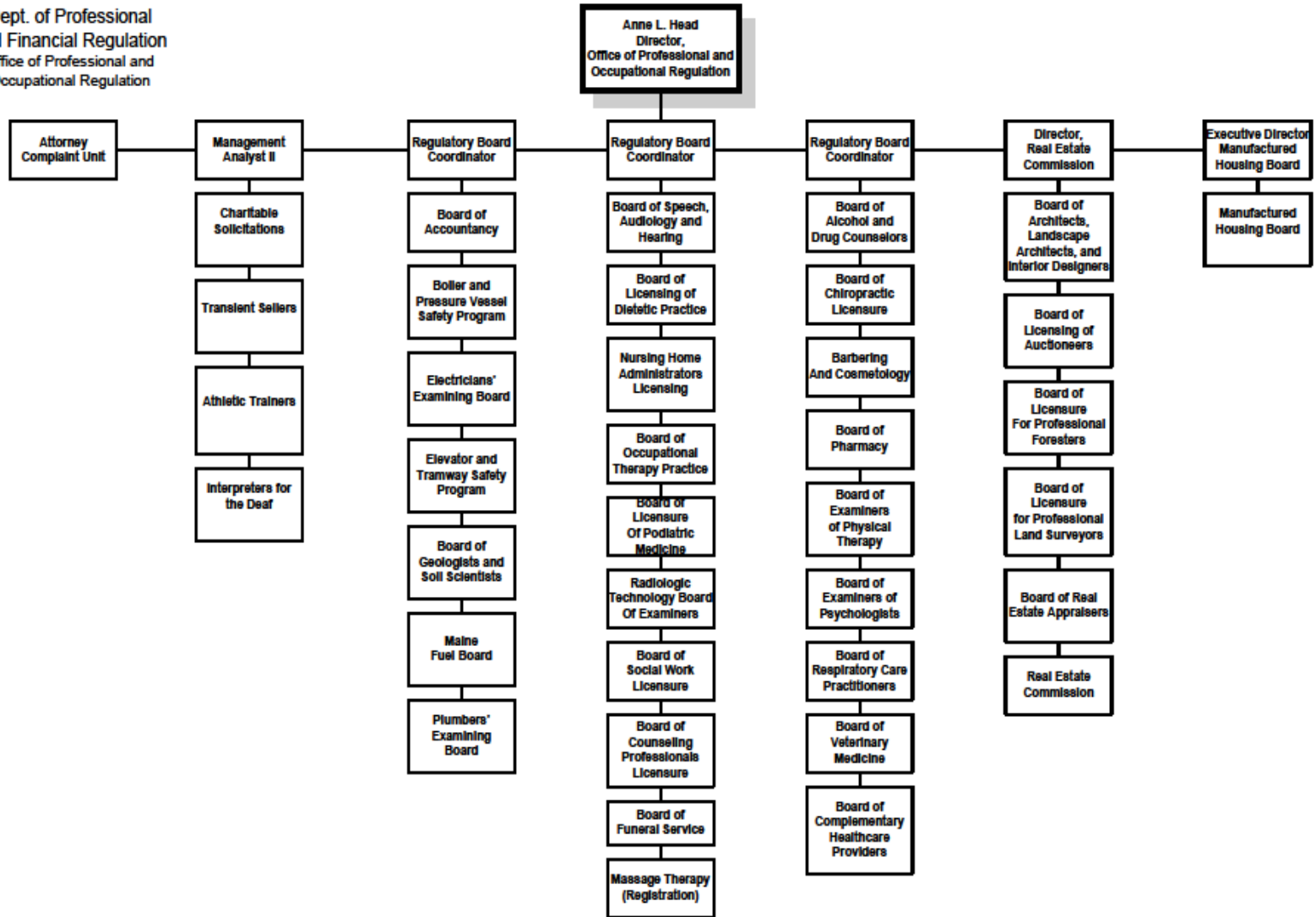
A = Active License

I = Inactive License

Dept. of Professional  
and Financial Regulation  
Office of Professional and  
Occupational Regulation  
Positions: 55.5



Dept. of Professional  
and Financial Regulation  
Office of Professional and  
Occupational Regulation



PROGRAM:	<b>Office of Professional and Occupational Regulation (0352)</b>										
FUNDING SOURCE:	<b>Dedicated Revenue</b>										
	FISCAL YEAR:	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>ALLOCATED</b>											
	PERSONAL SERVICES	3,804,735	3,937,639	4,136,530	4,260,494	4,320,128	4,436,555	3,805,087	3,854,781	4,041,697	4,209,552
	ALL OTHER	2,250,337	2,834,814	2,320,080	2,328,016	2,450,867	2,497,353	2,042,165	2,081,767	2,033,488	2,050,655
	<b>TOTAL</b>	<b>6,055,072</b>	<b>6,772,453</b>	<b>6,456,610</b>	<b>6,588,510</b>	<b>6,770,995</b>	<b>6,933,908</b>	<b>5,847,252</b>	<b>5,936,548</b>	<b>6,075,185</b>	<b>6,260,207</b>
<b>EXPENDED</b>											
	PERSONAL SERVICES	3,452,844	3,459,096	3,594,912	3,742,194	3,509,800	3,534,313	3,507,408	3,407,942	3,527,898	3,714,189
	ALL OTHER	1,657,552	1,782,992	1,822,599	1,674,594	1,558,302	1,569,372	1,532,749	1,595,890	1,741,727	1,741,503
	<b>TOTAL</b>	<b>5,110,395</b>	<b>5,242,088</b>	<b>5,417,511</b>	<b>5,416,788</b>	<b>5,068,102</b>	<b>5,103,685</b>	<b>5,040,157</b>	<b>5,003,833</b>	<b>5,269,626</b>	<b>5,455,693</b>