

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1710

H. P. 1599

Office of the Clerk of the House

The Committee on Business Legislation suggested. Approved for introduction by the Legislative Council pursuant to Joint Rule 26.

Presented by Mr. Whittemore of Skowhegan.

EDWIN H. PERT, Clerk of the House

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

AN ACT to Permit Optional Credit Life Insurance for the Comaker of a Debt.

Be it enacted by the People of the State of Maine, as follows:

24-A MRSA § 2604, sub-§ 7, as enacted by PL 1979, c. 369, is amended to read:

7. In the case of group policies of life insurance issued to creditors providing insurance upon the lives of debtors on the term plan, creditors advancing funds on the security of ~~first~~ mortgages on real estate who provide such insurance on an optional basis and make a separate charge therefor to the debtor shall make such insurance available to ~~all of the debtors in the loan transaction~~ **both the debtor and not more than one comaker of the indebtedness, provided that both of them are individually and jointly liable to repay the debt. The creditor may require the debtor and comaker to provide satisfactory evidence of insurability and may require them to meet any other eligibility requirements contained in the group policy.**

STATEMENT OF FACT

The purpose of this bill is to clarify the law passed at the last session of the Legislature to make it clear that creditors providing group life insurance on loans secured by mortgages shall only make the insurance available to the principal debtor and one comaker. It makes it clear that the principal debtor and the comaker can be required to provide satisfactory evidence of insurability.