

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 822

H.P. 612

House of Representatives, March 14, 1995

An Act Concerning the Lapse of Auto Insurance.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative MORRISON of Bangor.
Cosponsored by Representative AHEARNE of Madawaska and
Representatives: BUNKER of Kossuth Township, CLARK of Millinocket, HEINO of
Boothbay, KEANE of Old Town, LAYTON of Cherryfield, McALEVEY of Waterboro,
O'NEAL of Limestone, WHEELER of Bridgewater, WINN of Glenburn, Senator:
FAIRCLOTH of Penobscot.

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

4 **Sec. 1. 29-A MRSA §1602, sub-§1-A** is enacted to read:

6 **1-A. Demand after cancellation or termination.** On the 11th
8 day after receipt of a notice of cancellation or termination
10 required under section 1606, subsection 5, the Secretary of State
12 shall demand of the former policyholder proof of financial
14 responsibility under section 1605. This notice must include a
16 statement of the legal penalties for failure to provide the proof
18 demand.

20 This subsection does not apply to:

22 A. Cancellations or terminations occasioned by sale of the
24 vehicle insured by the policy; or

26 B. Cancellation or termination when substitute proof of
28 financial responsibility has been timely provided and
30 accepted by the Secretary of State.

32 **Sec. 2. 29-A MRSA §1606, sub-§5,** as enacted by PL 1993, c.
34 683, Pt. A, §2 and affected by Pt. B, §5, is amended to read:

36 **5. Cancellation of policy.** A policy certified as proof of
38 financial responsibility may not be canceled until at least 10
40 days after notice of cancellation has been filed in the office of
42 the Secretary of State.

44 A policy subsequently certified terminates on the effective date
of certification the insurance previously certified with respect
to a motor vehicle designated in both certificates.

The company may specify on a certificate the expiration date of
the policy. When an expiration date is provided, the policy is
deemed terminated for purposes of this chapter on and after that
date, unless that policy has been previously canceled or
superseded. Ten days before the specified expiration date, the
company shall send to the Secretary of State a notice of
termination by expiration of the policy.

When an expiration date is not specified on the certificate, the
policy continues until canceled or superseded in accordance with
section 1605, subsection 5.

2

STATEMENT OF FACT

4 This bill amends the motor vehicle laws regarding auto
insurance to require that, in addition to the existing
6 requirement of a 10-day notice before cancellation of a policy,
insurance companies provide the Secretary of State with a 10-day
8 notice before termination of a policy occurs by expiration. In
either case the Secretary of State must demand proof of financial
10 responsibility under the Maine Revised Statutes, Title 29-A,
section 1602, including notice of the penalties for failure to
12 provide proof. Under the terms of section 1602, subsection 2,
failure to comply with the demand within 30 days will result in
14 the suspension of the person's license, of the registration of
the vehicle for which proof of insurance was not provided and of
16 the right to apply for a license or registration.