

	L.D. 889
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4	DATE: March 3, 1998 (Filing No. S- 482)
б	<b>BANKING AND INSURANCE</b>
8	Reported by:
10	Reproduced and distributed under the direction of the Secretary of the Senate.
12	STATE OF MAINE
14	118TH LEGISLATURE
16	SECOND REGULAR SESSION
18	COMMITTEE AMENDMENT " <sup>A</sup> " to S.P. 281, L.D. 889, Bill, "An
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, 22	Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the
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26	' <b>Sec. 1. 24-A MRSA §2436-A,</b> as enacted by PL 1987, c. 291, §2, is repealed and the following enacted in its place:
28	§2436-A. Unfair claims settlement practices
30	1. Civil actions. A person injured by any of the following
32	actions taken by that person's own insurer may bring a civil action and recover damages, together with costs and
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38	A. Knowingly misrepresenting to an insured pertinent facts or policy provisions relating to coverage at issue;
40	B. Failing to acknowledge and review claims, which may
42	include payment or denial of a claim, within a reasonable time following receipt of written notice by the insurer of a
44	claim by an insured arising under a policy;
46	C. Threatening to appeal from an arbitration award in favor of an insured for the sole purpose of compelling the insured
	to accept a settlement less than the arbitration award;
48	D Failing to offirm on down sevenage reconving one
50	D. Failing to affirm or deny coverage, reserving any appropriate defenses, within a reasonable time after having completed its investigation related to a claim; or

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# **COMMITTEE AMENDMENT**

#### COMMITTEE AMENDMENT " A" to S.P. 281, L.D. 889

E. Without just cause, failing to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear.

2. Without just cause. For the purposes of this section, an insurer acts without just cause if it refuses to settle claims without a reasonable basis to contest liability, the amount of any damages or the extent of any injuries claimed.

**3. No limitation on other cause of action.** Nothing in this section prohibits any other claim or cause of action a person has against an insurer.

4. Application. This section does not apply to workers' 16 compensation claims.'

18 Further amend the bill by inserting at the end before the summary the following:

### **'FISCAL NOTE**

24 This bill may increase the number of civil suits filed in the court system. The additional workload and administrative 26 costs associated with the minimal number of new cases filed can be absorbed within the budgeted resources of the Judicial 28 Department. The collection of additional filing fees may also increase General Fund revenue by minor amounts.'

#### SUMMARY

34 This amendment replaces the bill. It expands the list of unfair claims practices to include the failure of an insurer 36 without just cause to make prompt, fair and equitable settlement of claims for which liability has become reasonably clear. The 38 amendment defines "without just cause" as refusing to settle claims without a reasonable basis to contest liability, the 40 amount of any damages or the extent of any injuries claimed.

42 The amendment clarifies that the Maine Revised Statutes, Title 24-A, section 2436-A does not prohibit any other claim or 44 cause of action available under law against an insurer. The amendment excepts workers' compensation claims from coverage 46 under this provision.

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The amendment also adds a fiscal note to the bill.

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## COMMITTEE AMENDMENT