

MAINE STATE LEGISLATURE

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July 27, 1973

Theodore T. Briggs, Deputy Comm.

Insurance

Charles R. Larouche, Assistant

Attorney General

Prudential Insurance Company inquiry re Chapter 239 P.L. 1973 - Property Insurance Cancellation Control Act

This replies to your memo of July 26, 1973, concerning the above subject, in which you enclose the letter of Prudential Insurance Company to you, dated June 29, 1973, concerning their questions as to the requirements of this new law.

I answer the questions of Prudential in the following manner:

1-A. Yes, the insurer must advise the insured of the reason for cancellation and his right to a hearing in the initial cancellation notice. No, the section does not give the insurer an option to defer giving the reason for cancellation. Construed intelligently, section 3050 mandates giving the reason in the notice of cancellation. It provides, however, that in the event that the insurance company, through some oversight or because of ambiguities or other inadequacy in the original notification, fails to satisfy the statutory requirement of giving the reason with the notice of cancellation, the insured has a right to demand and obtain within the specified period of proper notice.

1-B. The answer to question 1-B is No.

2-A. Yes, the insurer must give the reason in the initial non-renewal notice, and no, the insurer does not have an option of deferring giving the reason. The reasons for this construction are the same as explained in the answers to 1-A and 1-B.

3-A. The answer is no. Section 3049 clearly states that it does not apply to non-renewals. Section 3051 states that the non-renewal must be in accordance with this subchapter, but by necessary implication § 3049 requirements do not apply to non-renewals, so that the insurer is not limited to the five statutory reasons in § 3049, since they are expressly limited to cancellations.

The questions in 4-A, B and C may be more appropriately answered by you.

CHARLES R. LAROCHE
Assistant Attorney General

CRL:mfe

NOT A FORMAL OPINION