

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 153

H. P. 109

House of Representatives, January 13, 1971

Referred to Committee on Business Legislation. Sent up for concurrence and ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mr. Conley of South Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

AN ACT Relating to Renewals of Insurance Policies.

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

R. S., T. 24-A, § 242I, repealed and replaced. Section 242I of Title 24-A of the Revised Statutes, as enacted by section 1 of chapter 132 of the public laws of 1969 is repealed and the following enacted in place thereof:

§ 242I. **Renewal of policy**

1. **Renewal.** Any policy, terminating by its terms at a specified expiration date and not otherwise renewable, may be renewed or extended at the option of the insurer and upon a currently authorized policy form and at the premium rate then required therefor for a specified additional period or periods by a certificate or other endorsement of the policy, and without requiring issuance of a new policy.

2. **Renewal premium increase.** If upon such renewal, the insurer increases the premium for such policy, the insurer shall notify the insured of the reasons for such increase.

3. **Renewal request.** If the insured submits to the insurer, not later than 3 months prior to the specified expiration date of the policy, a written request for renewal of that policy, the insurer shall renew such policy for the period requested and upon a currently authorized policy form and at the premium rate then required therefor unless, not later than 30 days prior to the expiration date, the insurer informs the insured of its intention not to renew and of the reasons for such refusal.

4. **Renewal application.** Subsections 2 and 3 shall be effective as to policies renewable on and after the first day of the 6th month following enactment of these subsections.

STATEMENT OF FACT

Subsection 1 is the present section 2421.

Relative to subsection 2, there have been many occasions when insured persons have had their policies renewed subject to an unexplained increase in premiums. Fair and orderly practice of the insurance business should include prompt and full disclosure of the reasons for an increase in the premium rate.

Relative to subsection 3, there have been numerous instances when insurers have notified insured persons, particularly automobile policyholders, shortly before the expiration date of their policies, that their policies would not be renewed. This practice of inadequate notice of intention not to renew has caused hardship to many persons by disabling them from maintaining continuous insurance coverage.

Subsection 4 provides an essential delay period for implementation of subsections 2 and 3.