

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

---

---

ONE HUNDRED AND FIFTH LEGISLATURE

---

---

**Legislative Document**

**No. 1345**

H. P. 983

House of Representatives, March 5, 1971

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

BERTHA W. JOHNSON, Clerk

Presented by Mr. Sheltra of Biddeford.

---

---

**STATE OF MAINE**

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-ONE

---

**AN ACT** Relative to Cancellation, Termination of Authority or Modification  
of Contracts Between Insurance Agents and Insurance Companies.

---

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

**R. S., T. 24-A, § 1535-A, additional.** Title 24-A of the Revised Statutes, as enacted by section 1 of chapter 132 of the public laws of 1969, is amended by adding a new section 1535-A, to read as follows:

**§ 1535-A. Cancellation or termination of authority**

No company shall cancel the authority of an agent to act for it nor shall any license expire, unless revoked or suspended by the commissioner, and no company shall modify a contract with an agent so as to impair his ability to serve policyholders, unless the company gives written notice of its intent to cancel the authority of an agent, its intent to allow a license to expire to any agent affected thereby or to so modify a contract at least 60 days before the proposed effective date of any such cancellation of authority or date of license expiration or modification. Except as otherwise provided in this section, any agent may within 10 days after receipt of any such notice make a written demand on the company for reference to 3 referees, as provided, of the question as to whether or not such modification, cancellation or expiration will so affect the renewal, continuation or replacement of any policies of insurance placed with the company through the efforts of the agent or the services needed by any policyholders doing business with the company as a result of the efforts of the agent as to justify renewal or continuation of any policies expiring within 8 months of the issuance of any such notice at the rate of commission or other compensation earned by the affected agent during the most recent policy period for one additional policy period equal in length to the most recent policy period of any such expiring policy.

Any agent making a written demand for reference shall accompany said demand with the names and addresses of 3 persons and the company shall, within 10 days thereof, notify the agent in writing of its choice of one of the said persons to act as one of the referees and shall at the same time submit the names and addresses of 3 persons to the agent who shall, within 10 days after receiving such names, notify the company in writing of his choice of one of such persons to act as one of said referees. The commissioner shall be notified by the agent that the company and the agent have each chosen referees by written notice, in such form as the commissioner shall prescribe, given at the same time that the agent notifies the company of his choice of a referee and the commissioner shall, within 10 days thereof, appoint a 3rd person to serve as referee and shall notify such person and the parties in writing of such appointment. Every person nominated, specified or appointed as a referee shall be disinterested, a resident of the State and willing to act as referee. They shall meet within 10 days of appointment of the 3rd referee by the commissioner to hear evidence and shall reduce their decision to writing and execute it in triplicate with one copy delivered to the company, one to the agent and the 3rd to the commissioner.

An insurance company and an insurance agent may by written contract modify the preceding 2 paragraphs other than the requirement of 60 days advance written notice of company intent to cancel the authority of an agent or to allow a license to expire or to modify a contract, by contractual provisions approved by the commissioner which he finds after due hearing and investigation will adequately protect both the right of a policyholder to a continuance of insurance and the services of an agent of his own choosing and the right of an agent to fair compensation for the insurance placed with a company as a result of his efforts.

The decision of the referees may provide for the renewal or continuance of any or all policies expiring as provided or for a continuance of previous contractual provisions if they or a majority of them find such a decision will best protect the right of a policyholder to a continuance of insurance and the services of an agent of his own choosing and the right of an agent to compensation for the insurance placed with a company as a result of his efforts, giving due consideration to the possibility the agent has of obtaining similar coverage from other companies at reasonable compensation.

Decisions rendered in accordance with this section providing for reference shall be binding on all companies and agents affected thereby. If such a decision orders the renewal or continuation of any policies, policyholders and the agent shall in all respects be entitled to the same services and practices as were in effect prior to reference in so far as amounts and types of coverage, credit terms, commission payments or other compensation and agency services are concerned. Any policies affected by the decision shall not again be subject to this section upon their expiration and any order for continuance of previous contractual provisions shall remain effective for no more than one year.

No insurance company shall be permitted to terminate any contract obligation or right of a general agent without arbitration.

STATEMENT OF FACT

It is the intent of this Act to prevent the cancellation or termination of the authority of insurance agents and other modifications of contracts between insurance agents and insurance companies until certain conditions have been met.