

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
SENATE (Filing No. S-243)  
108TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A " to S.P. 116, L.D. 275, Bill,  
"AN ACT Amending the Maine Property Insurance Cancellation  
Control Act."

Amend the Bill by striking out everything after the  
amending clause of section 5 and inserting in its place  
the following:

'The reason or reasons for the intended nonrenewal action  
shall accompany the notice of intent not to renew and the  
reason or reasons shall be explicit. Explanations such as  
"underwriting reasons," "underwriting experience," "loss record,"  
"location of risk," "credit report" and similar insurance  
terms are not by themselves acceptable explanations of an  
insurer's intended nonrenewal of a policy insuring  
property of the kind defined in section 3048.

Sec. 6. 24-A MRSA §3055 is enacted to read:  
§3055. Superintendent's authority to suspend

In the event of impairment or serious financial difficulty  
of an insurer or insurers, the superintendent shall have the  
authority to suspend the provisions of the Maine Property  
Insurance Cancellation Control Act from applying to the  
policies of the financially distressed insurer or insurers.'

Statement of Fact

The amendment, if enacted, will permit mid-term  
cancellations and anniversary nonrenewal of policies if the  
superintendent determines that continuation of the policies  
will further impair the financial condition of the company

or companies and not be in the best interest of the policy-holders . The amendment further requires that if ordinarily used insurance terms are given as reasons for nonrenewal of a policy they are not sufficient explanation and shall be accompanied by further explanation.

Reported by the Committee on Business Legislation.

Reproduced and distributed pursuant to Senate Rule 11-A.

June 14, 1977

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