

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 275

S. P. 116

In Senate, February 9, 1977

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

MAY M. ROSS, Secretary

Presented by Senator Chapman of Sagadahoc.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

**AN ACT Amending the Maine Property Insurance Cancellation
Control Act.**

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

Sec. 1. 24-A MRSA § 3049, last ¶, as enacted by PL 1973, c. 239, is amended to read:

This section shall not apply to any policy or coverage which has been in effect less than 60 days at the time notice of cancellation is mailed or delivered by the insurer unless it is a renewal policy. ~~This section shall not apply to the nonrenewal of a policy.~~ An insured shall not have the right to a hearing before the Superintendent of Insurance for the purpose of contesting cancellation of a new policy that has been in force less than 60 days.

This section shall not apply to the nonrenewal of a policy.

Sec. 2. 24-A MRSA § 3050, first ¶, last sentence, as enacted by PL 1973, c. 239 and as amended by PL 1973, c. 585, § 12, is repealed as follows:

~~The reason shall accompany the notice of cancellation, together with notification of the right to a hearing before the superintendent within 15 days as provided herein~~

Sec. 3. 24-A MRSA § 3050, last ¶, as enacted by PL 1973, c. 239, is repealed and the following enacted in its place:

The reason shall accompany the notice of cancellation and, except for policies in force less than 60 days, a notification of the right to apply for a hearing before the Superintendent of Insurance within 15 days as provided herein shall accompany the notice of cancellation.

Sec. 4. 24-A MRSA § 3051, first ¶, last sentence, as enacted by PL 1973, c. 239, and as amended by PL 1973, c. 585, § 12, is further amended to read: The reason shall accompany the notice of intent not to renew, together with notification of the right to apply for a hearing before the ~~superintendent~~ **Superintendent of Insurance** within 15 days as provided.

Sec. 5. 24-A MRSA § 3051, 2nd ¶, as enacted by PL 1973, c. 239, and as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

The reason accompanying the notice of intent not to renew shall be explicit. Reasons such as "underwriting reasons," "underwriting experience," "loss record," "loss experience," "location of risk," "credit report" and similar insurance terms are not acceptable explanations of an insurer's intended non-renewal of a policy insuring property of the kind defined in section 3048.

Sec. 6. 24-A MRSA § 3052, as enacted by PL 1973, c. 239, is repealed.

STATEMENT OF FACT

This bill, if enacted, will clarify the requirement that reasons for cancellation or intent not to renew must accompany the notice.

The right to a hearing during the initial 60-day period of coverage has been removed as the Maine Property Cancellation Control Act does not restrict a company's right to terminate a policy during this time period. The reasons accompanying notice of cancellation or intent to nonrenewal should be explicit and understandable by the insured.