

MAINE STATE LEGISLATURE

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(New Title)
New Draft of: H. P. 1599, L. D. 1710
SECOND REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1986

H. P. 1935

House of Representatives, March 11, 1980

Reported by Mr. Brannigan from the Committee on Business Legislation.
Printed under Joint Rules No. 2.

EDWIN H. PERT, Clerk of the House

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

AN ACT to Permit Optional Life Insurance for the Comaker of a Debt.

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

Sec. 1. 9-B MRSA § 443, sub-§ 7 is enacted to read:

7. **Authorized insurance.** A financial institution, while acting as a creditor may make insurance available to the extent authorized by Titles 9-A and 24-A. In so doing, a financial institution which makes life insurance available pursuant to Title 24-A, section 2604 where the indebtedness is secured to the creditor by a mortgage on real estate with an initial term exceeding 15 years, and where a separate charge is made to the debtor for that insurance, shall make the insurance available jointly to the debtor and not more than one comaker of the indebtedness, provided that both are individually and jointly liable to repay the indebtedness. The foregoing shall not be deemed to restrict the insurer's right to require all debtors to meet the requirements of the applicable policy in order to become insured. Nothing in this subsection shall prohibit the insurance on the life of one debtor only, if desired by the debtor.

Sec. 2. 24-A MRSA § 2604, sub-§ 7, as enacted by PL 1979, c. 369, is repealed and the following enacted in its place:

7. **Notwithstanding subsection 1, in the case of a group policy issued pursuant to this section which provides life insurance on the term plan upon the lives of**

persons indebted to a creditor, where the indebtedness is secured to the creditor by a mortgage on real estate, with an initial term exceeding 15 years, where the insurance is afforded on an optional basis, and where a separate charge is made to the debtor by the creditor for the insurance, both the debtor and not more than one comaker of the indebtedness shall be eligible to apply for insurance jointly under the group policy, provided that both of them are individually and jointly liable to repay the indebtedness. The foregoing shall not be held to restrict the right of an insurer to require satisfactory evidence of insurability of any person requesting the insurance, not to preclude those exclusions from eligibility for insurance under such a group policy as may be contained therein. Nothing in this subsection shall prohibit insurance on the life of one debtor only, if desired by the debtor.

STATEMENT OF FACT

The purpose of this new draft is to clarify the law passed at the last session of the Legislature to make it clear that creditors making available life insurance in connection with certain loans shall make the coverage available to the principal debtor and one comaker jointly. It also makes it clear that insurers must make the coverage available to creditors and that both debtors and comakers can be required to provide satisfactory evidence of insurability.