

MAINE STATE LEGISLATURE

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(Filing No. S-61)

STATE OF MAINE
SENATE
110TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 190, L.D. 514, Bill, "AN
ACT to Amend the Group Life Insurance Law."

Amend the Bill in Section 5 in that part designated "S2604-A,"
by striking out
/subsection 4 and inserting in its place the following:

'4. The amount of credit life insurance shall at no time exceed the unpaid amount financed plus earned interest and an allowance for delinquencies as determined by the superintendent or, in the case of open-end credit, the balance upon which a finance charge may be imposed plus earned interest and an allowance for delinquencies as determined by the superintendent. Where the indebtedness is repayable in one sum to the creditor, the insurance on the life of any debtor shall in no instance be in effect for a period in excess of 18 months, except that such insurance may be continued for an additional period not exceeding 6 months in the case of default, extension or recasting of the loan.'

Further amend the bill in Section 5 by adding at the end the following:

'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

are ← → eligible to apply for insurance jointly under the group policy, provided that both of them are individually and jointly liable to repay the indebtedness. This subsection may not be held to restrict the right of an insurer to require satisfactory evidence of insurability of any person requesting the insurance, nor to preclude those exclusions from eligibility for insurance under such a group policy as may be contained therein. Nothing in this subsection may ← → prohibit insurance on the life of one debtor only, if desired by the debtor.'

Further amend the Bill in ~~Section~~ 9 after the enacting clause in the 6th line (5th line on L.D.) by striking out the underlined figure "100" and inserting in its place the underlined figure '50'.

Further amend the Bill in ~~Section~~ 9 by adding at the end the following:

'4. An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.'

Further amend the Bill in ~~Section~~ 16 in that part designated "§2612-A." by striking out all of subsection 2 and inserting in its place the following:

'2. No such group life insurance coverage may be offered in this State by an insurer under a policy issued in another state unless this State, or another state having requirements substantially similar to those contained in subsection 1, paragraphs A, B, C and D, has made a determination that these requirements have been met. Notwithstanding the fact that such a determination has been made, the superintendent may at any time schedule a hearing in accordance with ← → sections 229 to 236 to determine whether such

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requirements have been met. If, after hearing, the superintendent finds that a policy fails to meet one or more of the requirements set forth in subsection 1, he may order the insurer to cease and desist from further solicitation of participation under the policy until such time as the policy has been found by the superintendent to be in compliance with all such requirements.'

Further amend the Bill by striking out all of ~~Section 22~~ and inserting in its place the following:

'Sec. 22. 24-A MRSA §2620, first sentence, as amended by PL 1975 c. 183, §1, is further amended to read:

§2620. Information as to insurance

The group life insurance policy shall contain a provision that the insurer will issue to the policyholder for delivery to each person insured printed information as to the insurance protection to which he is entitled and the rights and conditions set forth in section 2621, 2622 ~~and~~, 2623 and 2628.'

Statement of Fact

The purposes of this amendment are:

1. To retain certain provisions of existing law which the Bureau of Insurance believes are more favorable to Maine residents than in those contained in the model law proposed by the National Association of Insurance Commissioners;
2. To permit the sale of group life insurance to more associations by reducing the minimum number of members the association must have in order to be an eligible group;
3. To correct a clerical error made in the printing of the bill; and

4. To permit the superintendent to make an independent determination as to whether coverage offered in Maine under certain policies issued elsewhere meets statutory requirements.

Reported by the Committee on Business Legislation.

Reproduced and distributed pursuant to Senate Rule 11-A.

March 23, 1981

(Filing No. S-61)