

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)

FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1447

H. P. 1228

House of Representatives, March 24, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Brannigan of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT Concerning Cancellation of Individual Health Insurance Policies.

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

Sec. 1. 24 MRSA § 2328 is enacted to read:

§ 2328. Procedure upon cancellation on nonrenewal

1. **Prior Notice.** No cancellation or nonrenewal of an individual health care contract subject to this chapter is effective unless the named subscriber or member is notified in accordance with this section at least 20 days before the cancellation date in the case of cancellation or at least 30 days before the expiration date in the case of nonrenewal.

2. **Content.** A named subscriber or member shall be notified in writing of the following:

- A. The cancellation or expiration date;
- B. The specific reason or reasons for cancellation or nonrenewal; and
- C. Notice of the named subscriber's or member's right to a hearing under subsection 4.

3. **Evidence of delivery.** A post-office department certificate of mailing to the named subscriber or member at his last known address shall be conclusive proof of notification on the 3rd calendar day after mailing.

4. Hearing. Any named subscriber or member who has been notified in accordance with this section may, within 30 days of notification, request a hearing before the superintendent, who shall promptly schedule a hearing for the exclusive purpose of determining the existence of the proof or evidence given by the nonprofit hospital or medical service organization in its reason for cancellation or nonrenewal. The hearing shall be conducted in accordance with Title 5, chapter 375, subchapter IV. The burden of proof shall be on the hospital or organization and if it is not met, the superintendent may order that the contract continue in effect.

Sec. 2. 24-A MRSA § 2739-A is enacted to read:

§ 2739-A. Procedure upon cancellation or nonrenewal

1. Prior notice. No cancellation or nonrenewal of a policy subject to this chapter is effective unless the named insured is notified in accordance with this section at least 20 days before the cancellation date in the case of cancellation or at least 30 days before the expiration date in the case of nonrenewal.

2. Content. A named insured shall be notified in writing of the following:

- A.** The cancellation or expiration date;
- B.** The specific reason or reasons for cancellation or nonrenewal; and
- C.** Notice of the named insured's right to a hearing under subsection 4.

3. Evidence of delivery. A post-office department certificate of mailing to the named insured at his last known address shall be conclusive proof of notification on the 3rd calendar day after mailing.

4. Hearing. Any named insured who has been notified in accordance with this section may, within 30 days of notification, request a hearing before the superintendent, who shall promptly schedule a hearing for the exclusive purpose of determining the existence of the proof or evidence given by the insurer in its reason for cancellation or nonrenewal. The hearing shall be conducted in accordance with Title 5, chapter 375, subchapter IV. The burden of proof shall be on the insurer, and if it is not met, the superintendent may order that the policy continue in effect.

STATEMENT OF FACT

The purpose of this bill is to require health insurers to notify individual policyholders in advance of cancellation or nonrenewal of their policies and to afford policyholders a simple, inexpensive way to challenge cancellation or nonrenewal if there is a dispute. This bill is modeled after the automobile and property insurance cancellation control acts.