

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 622

6
7 S.P. 200

In Senate, February 7, 1983

8 Received by the Secretary of the Senate on February 7, 1983. Referred to
9 the Committee on Business Legislation, and ordered printed pursuant to Joint
10 Rule 14.

11 JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Perkins of Hancock.

Cosponsor: Representative Conary of Oakland.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT to Amend the Late Payment
18 Provisions of the Maine Insurance Code.
19

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

22 24-A MRSA §2436, as repealed and replaced by PL
23 1977, c. 357, is amended by adding at the end a new
24 paragraph to read:

25 Notwithstanding this section, upon a person or
26 other entity establishing that an insurance company
27 providing insurance coverage to that person or other
28 entity has acted in bad faith with regards to a claim
29 for any benefit under the policy of insurance, then
30 that person or entity shall recover, in addition to
31 the benefits under the policy, costs of suit, includ-
32 ing reasonable attorney's fees and expert witness
33 fees and consequential damages. Upon a showing of
34 bad faith, exemplary damages may be awarded against

1 the insurance company.

2 STATEMENT OF FACT

3 The purpose of this bill is to provide that the
4 insurance companies will act in good faith in their
5 dealings with their insured. Also, in the event the
6 insured brings suit and incurs expenses to obtain the
7 benefits that he is entitled to under the insurance
8 policy, the insured will not suffer the expenses of
9 suit to procure the benefits he was entitled to ini-
10 tially. The bill also provides exemplary damages in
11 those cases where the insurance company has acted in
12 bad faith to discourage insurance companies from
13 taking unreasonable positions with persons who have
14 little, if any, bargaining power as they may be in
15 desperate need of funds for housing and basic family
16 necessities.

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