

MAINE STATE LEGISLATURE

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L.D. 1734

(Filing No. H- 503)

STATE OF MAINE
HOUSE OF REPRESENTATIVES
112TH LEGISLATURE
SECOND REGULAR SESSION

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COMMITTEE AMENDMENT "A" to H.P. 1227, L.D. 1734, Bill, "AN ACT Relating to Dividends on Insurance Policies."

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Amend the bill in that part designated "§2162-A." by striking out all of the first paragraph (page 1, lines 25 to 27 in L.D.) and inserting in its place the following:

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'It is an unfair trade practice to make the payment of a policy dividend or any portion of a dividend conditioned upon renewal of the policy or contracts. This section does not apply to the first year dividend on life insurance policies.'

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STATEMENT OF FACT

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This amendment adds language to make it clear that the bill applies to policy dividends and that it does not apply to first year dividends on life insurance policies. Because of high acquisition costs, it is generally accepted in the insurance industry that a person must renew a life insurance policy after the first year in order to receive a dividend for that year.

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