

MAINE STATE LEGISLATURE

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L.D. 2054

(Filing No. H-612)

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

COMMITTEE AMENDMENT "A" to H.P. 1457, L.D. 2054, Bill, "AN ACT Relating to Cancellation and Non-renewal of Property and Casualty Insurance Contracts."

Amend the Bill by inserting before the enacting clause the following:

'Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, property, casualty and liability insurance is essential to businesses, service providers and public entities in the State; and

Whereas, they will be at risk if their property, casualty and liability insurance is cancelled or is not renewed with enough time to secure other insurance; and

Whereas, there have been unexpected cancellations and nonrenewals without adequate notice; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Further amend the Bill in section 1 in that part designated "§2908." in subsection 1, paragraph C, in the 5th line (page 2, line 5 in L.D.) by striking out the underlined word "regulation" and inserting in its place the underlined word 'section'

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1 Further amend the Bill in section 1 in that part
2 designated "§2908." in subsection 2 by striking out
3 all of the first paragraph and inserting in its place
4 the following:

5 '2. Except as provided in subsection 8, no con-
6 tract of casualty insurance may be cancelled by an
7 insurer prior to the expiration of the policy, except
8 for one or more of the following grounds.'

9 Further amend the Bill in section 1 in that part
10 designated "§2908." in subsection 2 by inserting af-
11 ter paragraph F the following:

12 'The grounds listed in paragraphs A to E shall be
13 contained in all policies issued, issued for delivery
14 or renewed on or after the effective date of this
15 section. Insurers shall have 30 days from the effec-
16 tive date of this section to notify insureds of these
17 grounds for cancellation on policies issued or issued
18 for delivery before the effective date of this sec-
19 tion.'

20 Further amend the Bill in section 1 in that part
21 designated "§2908." in subsection 4 in the 15th line
22 (page 3, line 24 in L.D.) by striking out the under-
23 lined words "the day" and inserting in their place
24 the underlined word "immediately'

25 Further amend the Bill in section 1 in that part
26 designated "§2908." by striking out all of subsection
27 9 and inserting in its place the following:

28 '9. This section applies to all contracts of ca-
29 sualty insurance delivered or issued for delivery in
30 this State, both before and after the effective date
31 of this section. Provisions in this section relating
32 to nonrenewal of policies shall take effect 30 days
33 after the effective date of this section.'

34 Further amend the Bill in section 2 in that part
35 designated "§3007." in subsection 1, paragraph C in

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1 the 5th line (page 5, line 19 in L.D.) by striking
2 out the underlined word "regulation" and inserting in
3 its place the underlined word 'section'

4 Further amend the Bill in section 2 in that part
5 designated "§3007." in subsection 2 by striking out
6 all of the first paragraph and inserting in its place
7 the following:

8 '2. Except as provided by subsection 8, no con-
9 tract of property insurance may be cancelled by an
10 insurer prior to the expiration of the policy, except
11 for one or more of the following grounds:'

12 Further amend the Bill in section 2 in that part
13 designated "§3007." in subsection 2 by inserting af-
14 ter paragraph F the following:

15 'The grounds listed in paragraphs A to E shall be
16 contained in all policies issued, issued for delivery
17 or renewed on or after the effective date of this
18 section. Insurers shall have 30 days from the effec-
19 tive date of this section to notify insureds of these
20 grounds for cancellation on policies issued or issued
21 for delivery before the effective date of this sec-
22 tion.'

23 Further amend the Bill in section 2 in that part
24 designated "§3007." in subsection 4 in the 15th line
25 (page 6, line 39 in L.D.) by striking out the under-
26 lined words "the day" and inserting in their place
27 the underlined word 'immediately'

28 Further amend the Bill in section 2 in that part
29 designated "§3007." by striking out all of subsection
30 9 and inserting in its place the following:

31 '9. This section applies to all contracts of
32 property insurance delivered or issued for delivery
33 in this State, both before and after the effective
34 date of this section. Provisions in this section re-
35 lating to nonrenewal of policies shall take effect 30

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1 days after the effective date of this section.'

2 Further amend the Bill by inserting at the end
3 before the Statement of Fact the following:

4 'Emergency clause. In view of the emergency cited
5 in the preamble, this Act shall take effect when ap-
6 proved.'

7 STATEMENT OF FACT

8 This amendment makes some minor technical changes
9 and one substantive change. The bill would have ap-
10 plied only to contracts written after the effective
11 date of the section. This amendment provides that
12 provisions concerning cancellations will go into ef-
13 fect immediately and those concerning nonrenewals
14 will go into effect within 30 days. The Joint Stand-
15 ing Committee on Business and Commerce wanted to be
16 able to address current problems and not just those
17 in the future. This is also the reason that the emer-
18 gency preamble was added.

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Reported by the Committee on Business and Commerce
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