

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 691

H.P. 518 House of Representatives, March 10, 1987
Reference to the Committee on Banking and Insurance
suggested and ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative FARNUM of South Berwick.

STATE OF MAINE

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

1 AN ACT to Prevent Surcharges or Penalty Fees
2 in Excess of the Amount Paid for
3 Damages under Auto Insurance Policies.
4

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

7 24-A MRSA §2901-A is enacted to read:

8 §2901-A. Penalty fees; surcharges

9 If an insurer assesses a penalty fee or a
10 surcharge against an insured because of damage or in-
11 jury resulting from an accident, that penalty fee or
12 surcharge may not exceed the actual amount paid by
13 the insurer as a result of that accident.

1

STATEMENT OF FACT

2 If an insured collects from an insurance company
3 for damages or injury as a result of an accident, the
4 insurance company may place the insured in a higher
5 risk category with increased premiums. The insurer
6 may charge a penalty fee or surcharge in addition to
7 the higher premium. Penalty fees or surcharges some-
8 times are more than the amount actually paid out by
9 the insurer. This bill prevents insurers from col-
10 lecting penalty fees or surcharges in excess of the
11 actual amount paid out by the insurer.

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