

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)



114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No 14

S.P. 47

In Senate, January 26, 1989

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 24.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

Handwritten signature of Joy J. O'Brien in cursive.

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator BRANNIGAN of Cumberland.

Cosponsored by Representative GARLAND of Bangor, Senator THERIAULT of Aroostook and Representative CURRAN of Westbrook.

STATE OF MAINE

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

AN ACT to Allow Insurers to Underwrite Mass Marketed Property and Casualty Insurance Plans.



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

3 Sec. 1. 24-A MRSA §2938, as enacted by PL 1973, c. 625, §146,
5 is repealed.

7 Sec. 2. 24-A MRSA §2938-A is enacted to read:

9 §2938-A. Availability

11 The insurer shall file with the superintendent its
13 underwriting rules pertaining to eligibility for the mass
15 marketing plan. No insurer may use underwriting standards for
17 individual risk selection in a mass marketing plan which are, on
19 the whole, more restrictive than the standards used by that
21 insurer for individual risk selection in the sale of the same
23 kind of insurance in this State other than pursuant to mass
25 marketing plans. If an insurer does not sell that kind of
27 insurance in this State other than pursuant to mass marketing
plans, its underwriting standards for individual risk selection
in those plans shall, on the whole, be no more restrictive than
the standards used by its principal affiliate, if any, for
individual risk selection in the sale of that kind of insurance
in this State other than pursuant to mass marketing plans. With
respect to motor vehicle insurance, all policies issued the mass
marketing plans shall provide at least the financial
responsibility limits of coverage stated in Title 29, section
781, subsection 1, paragraph D.

29 If an insurer rejects an applicant for coverage pursuant to
31 a mass marketing plan, the insurer shall provide a notice of
33 rejection to the applicant. Explanations such as "underwriting
35 reasons," "loss record," "location of risk" and similar insurance
terms are not by themselves acceptable explanations of an
insurer's rejection.

37 The insurance shall be offered without discrimination
39 against any member of the plan as to rates, forms or coverages.
Nothing in this section shall preclude the establishment of
different classes of risk.

41 Insurers may not cancel, change or fail to renew the rating
43 classification of insureds who have coverage in force under
45 existing plans as of the effective date of this section for the
47 sole reason that the insured fails to meet underwriting standards
which are applicable to persons enrolling in the plans after the
effective date of this section.

49 **STATEMENT OF FACT**

51 This bill promotes the sale of property and casualty
53 insurance on a mass marketed basis through sponsoring
55 organizations by repealing current law which prohibits insurers
utilizing such a sales method from underwriting coverage. The

1 bill allows underwriting of coverage issued pursuant to this
marketing alternative subject to safeguards to reduce the
3 prospect of "cream-skimming" and notice requirements. The bill
also contains a provision to protect persons insured under
5 existing plans against loss of coverage due to the less
restrictive underwriting standards contemplated by the bill.