

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1276

S.P. 478

In Senate, April 24, 1989

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

A handwritten signature in cursive script, reading 'Joy J. O'Brien'.

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator BALDACCI of Penobscot.
Cosponsored by Representative STEVENS of Bangor.

STATE OF MAINE

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

An Act to Allow Organizations to Sell Insurance to a Limited Membership.



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

3 **24-A MRSA §2938**, as enacted by PL 1973, c. 625, §146, is
5 amended to read:

7 **§2938. Availability**

9 The insurer must file with the Superintendent of Insurance
11 its underwriting rules concerning eligibility of applicants and
13 must accept all members who wish to participate in the plan and
15 are eligible under those rules except, in the case of motor
17 vehicle insurance, any person who usually drives the motor
19 vehicle and does not hold or is not eligible to obtain a driver's
21 license. With respect to motor vehicle insurance, every member of
23 the plan must be offered the same form of policy, varying only as
25 to the amounts of insurance, limits of liability and lines of
coverage, except that all policies shall provide at least the
financial responsibility limits of coverage stated in Title 29,
section 781, subsection 1, paragraph D. With respect to other
insurance covered hereunder, every member of the plan must be
offered the same policy form alternatives, varying only as to the
amounts of insurance, limits of liability and lines of coverage.

27 **STATEMENT OF FACT**

29 The American Association of Retired Persons, or AARP,
31 homeowners and automobile insurance programs are sold in every
33 state except Maine. Current law requires that plans which are
35 sold to members of a group come under laws relating to mass
37 marketing of casualty and property insurance found in the Maine
Revised Statutes, Title 24-A, chapter 40. Under current law
these plans must be made available to all members regardless of
whether the members are good or bad risks. The AARP insurance
programs have strict underwriting guidelines in order to offer
competitive rates. Thus, AARP may not sell to groups in Maine
while using underwriting guidelines.

39 This bill allows insurers of mass marketing plans to file
41 underwriting rules with the Superintendent of Insurance and to
accept only those who are eligible under the rules. AARP would
then be able to sell its plans in the State.