



115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 610

H.P. 427

House of Representatives, February 13, 1991

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.

EDWIN H. PERT, Clerk

Presented by Representative HASTINGS of Fryeburg.

Cosponsored by Senator KANY of Kennebec, Senator BRAWN of Knox and Representative JOSEPH of Waterville.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND NINETY-ONE

An Act to Amend Maine's Commercial Lines Cancellation Laws.

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

2

4

6

8

10

12

14

16

18

20

36

Sec. 1. 24-A MRSA $\S2908$, sub- $\S8$, as amended by PL 1987, c. 559, Pt. A, $\S5$, is further amended to read:

This section does not apply to any insurance policy that . 8. has not been previously renewed if the policy has been in effect less than 60 days at the time notice of cancellation is mailed or otherwise delivered, except as provided in subsection 1, paragraph A and subsection 5, paragraphs A and C. This section does not apply to any policy subject to the Maine Automobile Insurance Cancellation Control Act, subchapter II. This section does not apply to any assigned risk program. The superintendent may suspend, in whole or in part, the applicability of this section to any insurer if, in his the superintendent's discretion, its application will endanger the ability of the insurer to fulfill its contractual obligations.

Sec. 2. 24-A MRSA §3007, sub-§8, as enacted by PL 1985, c. 671, §2, is amended to read:

This notice does not apply to any insurance policy that 22 8. has not been previously renewed if the policy has been in effect 24 less than 60 days at the time notice of cancellation is mailed or delivered, except as provided in subsection 1, otherwise 26 paragraph A and subsection 5, paragraphs A and C. This section does not apply to any policy subject to the Maine Property Insurance Cancellation Control Act, subchapter V. This section 28 does not apply to any policy issued pursuant to any assigned risk 30 plan. The superintendent may suspend, in whole or in part, the applicability of this section to any insurer if, in his the 32 superintendent's discretion, its application will endanger the ability of the insurer to fulfill its contractual obligation. 34

STATEMENT OF FACT

38 companies required by to give Insurance are law policy days' policyholder of a commercial 10notice of 40 cancellation for policies that are over 60 days old. No similar notice provision exists for commercial policies during the first 60 days, although the Bureau of Insurance has interpreted the 42 intent to be the same. This bill provides for a 10-day notice provision for cancellation of commercial policies during the 44 first 60 days.