MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 880

S.P. 324

In Senate, February 28, 1991

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

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator THERIAULT of Aroostook
Cosponsored by Senator COLLINS of Aroostook and Representative RAND of Portland.

STATE OF MAINE

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

An Act to Provide for Notice of Termination of an Insurance Agency Appointment.



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

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Sec. 1. 24-A MRSA §1535, sub-§1, as amended by PL 1973, c. 585, §12, is further amended to read:

Subject to the agent's contract obligations and rights, if any, an insurer or agent may terminate an agency appointment at any time. If termination or modification having the effect of terminating any part of the agency appointment is by the insurer, the insurer shall premptly give written notice of termination and at least 120 days in advance of the effective date thereof of the termination to the superintendent, and to the agent where reasenably-possible. The 120-day advance notice does not apply when termination is upon a ground that subjects the agent to suspension or revocation of the agent's license under section 1539. The list of appointments not being continued referred to in section 1534 shall-constitute-such constitutes notice to the superintendent the terminations listed. as to 68 superintendent may shall require of the insurer reasonable proof that the insurer has given such notice to the agent where reasonably-possible.

Sec. 2. 24-A MRSA §1535, sub-§3 is enacted to read:

3. Except in cases when termination of an agency appointment is permitted without a 120-day advance notice, the insurer shall continue the outstanding contracts transacted by a general lines agent until the expiration date or until the anniversary date if the policy is a continuous policy with no expiration date. Notwithstanding any other provision of law, those contracts may be canceled.

STATEMENT OF FACT

Insurers are not required under current law to provide agents with advance notice of termination of agency appointment. This bill provides for a 120-day advance notice, except when the agent may have acted in such a way as to have the agent's license suspended or revoked. The bill also provides for the continuation until the expiration date or anniversary date of insurance contracts written by the agent.

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