

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1701

H.P. 1160

House of Representatives, April 25, 1991

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

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

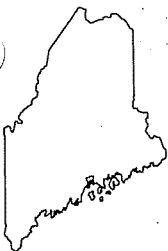
Presented by Representative GEAN of Alfred.

Cosponsored by Representative GRAY of Sedgwick and Representative JOSEPH of Waterville.

STATE OF MAINE

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

An Act Relating to Insurance Trade Practices.



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

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3 Sec. 1. 24-A MRSA §2436-A, sub-§1, ¶¶C and D, as enacted by PL
4 1987, c. 291, §2, are amended to read:

6 C. Threatening to appeal from an arbitration award in favor
7 of an insured for the sole purpose of compelling the insured
8 to accept a settlement less than the arbitration award; or

10 D. Failing to affirm coverage, reserving any appropriate
11 defenses, or deny coverage within a reasonable time after
12 completed proof of loss forms have been received by the
13 insurer; or

14 Sec. 2. 24-A MRSA §2436-A, sub-§1, ¶E is enacted to read:

16 E. Failing to disclose limits of liability and policy
17 coverage prior to the initiation of the suit.

20 Sec. 3. 24-A MRSA §2436-A, sub-§2, as enacted by PL 1987, c.
21 291, §2, is amended to read:

22 2. Application. This section does not apply to health or
23 life insurance or workers' compensation claims.

26 Sec. 4. 24-A MRSA §2436-A, as enacted by PL 1987, c. 291,
27 §2, is amended by adding at the end a new paragraph to read:

28 Nothing in this section may be interpreted as extinguishing
29 a claimant's common law right of action for unfair or bad faith
30 insurance practices or as foreclosing a claimant's private right
31 of action for damages or for other relief that is appropriate
32 based upon allegations of unfair or bad faith claim practices
33 under this section.

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38 **STATEMENT OF FACT**

39 This bill amends the unfair claims practices provision of
40 the Maine Insurance Code, Maine Revised Statutes, Title 24-A,
41 section 2436-A, relating to trade practices and fraud by
42 requiring insurance carriers to disclose the limits of liability
43 and policy coverage prior to suit. Claimants often are required
44 to file unnecessary law suits just to learn the liability limits
45 and policy coverages at issue. This bill eliminates the need to
46 file suit by making the failure to disclose such liability limits
47 and policy coverages an unfair claims practice. In addition,
48 this bill extends the unfair claims practices provisions of Title
49 24-A, section 2436-A to workers' compensation claims, preserves
50 the common law right of claimants to their legal remedies for bad
51 faith and unfair insurance claims practices and makes clear that
52 claimants have a private right of action under the Maine
53 Insurance Code against insurers for violations of the code.