

# MAINE STATE LEGISLATURE

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AUGUST 1, 1993

# 116th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1993

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Legislative Document

No. 732

S.P. 239

In Senate, March 2, 1993

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**An Act to Facilitate Disclosure of Insurance Coverage.**

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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 McCORMICK of Kennebec.  
Cosponsored by Senator: CONLEY of Cumberland, Representatives: CATHCART of Orono,  
KETTERER of Madison, RAND of Portland.

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

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

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

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

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

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

20 Sec. 3. 24-A MRSA §2436-A, sub-§2, as enacted by PL 1987, c.  
22 291, §2, is amended to read:

24 2. **Application.** This section does not apply to health or  
life insurance ~~or workers' compensation claims.~~

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

34  
36 **STATEMENT OF FACT**

38 This bill amends the unfair claims practices section of the  
40 Maine Insurance Code related to trade practices and fraud by  
42 requiring insurance carriers to disclose the limits of liability  
and policy coverage prior to suit. Very often claimants are  
44 required to file an unnecessary law suit just to learn the  
liability limits and policy coverages at issue. This bill makes  
46 the failure to disclose such liability limits and policy  
coverages an unfair claims practice. In addition, the bill  
48 extends the unfair claims practices provisions to workers'  
compensation claims, preserves the common law right of claimants  
50 to their legal remedies for bad faith and unfair insurance claims  
practices and clarifies that the claimant has a private right of  
action against insurers for violations of this law.