



STATE LAW LIGHNRY AUGUSTA, MAINE

116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

No. 847

H.P. 627

House of Representatives, March 10, 1993

An Act to Authorize the Offset of Insurance Premiums.

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

JOSEPH W. MAYO, Clerk

Presented by Representative JOSEPH of Waterville. Cosponsored by Senator: CARPENTER of York.

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

Sec. 1. 24-A MRSA §13 is enacted to read:

<u>\$13. Retention of unpaid premium</u>

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Any insurance company, broker or agent may retain an amount 8 equal to any undisputed unpaid premium due on the policy under which a claim is being presented, in connection with claims by and settled with an insured, as long as the unpaid premium 10 remains unpaid 60 days after the effective date of that policy or 12 the date of the original billing for the unpaid premium, whichever occurs later. The unpaid premium may not be retained 14 as against any loss payee or mortgagee named in the policy up to the amount of the unpaid balance owed to that loss payee or mortgagee on the date the loss that gave rise to the claim 16 occurred. This section does not apply to a health insurance 18 policy.

STATEMENT OF FACT

This bill allows an insurance agent to retain money held by that agent if the policyholder has not paid the full premium but is entitled to payment on a loss claim. This retention may not be used against a financial institution that is entitled to payment up to the amount of the loss or the balance due and is not applicable to health insurance.