

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1995

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Legislative Document

No. 621

H.P. 455

House of Representatives, February 23, 1995

### **An Act Regarding Checks Issued by Insurance Companies to Cover Losses.**

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

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative DiPIETRO of South Portland.  
Cosponsored by Representatives: AHEARNE of Madawaska, FARNUM of South Berwick,  
FISHER of Brewer, KERR of Old Orchard Beach, MURPHY of Berwick, VIGUE of  
Winslow, Senator: CAREY of Kennebec.

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

**Sec. 1. 24-A MRSA §3002, sub-§1,** as amended by PL 1989, c. 316, §1, is further amended by amending the 9th and 10th paragraphs from the end to read:

Mortgagee interests and obligations. If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be cancelled by giving to such mortgagee a ten days' written notice of cancellation. Unless either of the conditions set forth in subsection 3 are met, the insurer may compensate only the mortgagor for any loss covered under this chapter.

If Only when the insured property is not occupied by the insured or mortgagor, or when the mortgagor has given written permission to the insurer to pay the mortgagee, and the insured fails to render proof of loss, such mortgagee, upon notice, shall render proof of loss in the form herein specified within sixty (60) days thereafter and shall-be is subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this Company shall--claim claims that no liability existed as to the mortgagor or owner, it shall must, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing the mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing.

**Sec. 2. 24-A MRSA §3002, sub-§3** is enacted to read:

3. An insurer may not pay a mortgagee in lieu of paying the insured or mortgagor unless the mortgagor has given the insurer written permission to do so or the building is not occupied by the insured or mortgagor.

**STATEMENT OF FACT**

This bill requires that all insurance payments for losses described in the Maine Revised Statutes, Title 24-A, chapter 41 be made to the insured. It limits the right of a mortgagee to receive a payment, in whole or in part, unless the mortgagor gives written permission or the building is not occupied by the insured.