

MAINE STATE LEGISLATURE

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BANKING AND INSURANCE

Reported by: Report B of the Committee.

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**STATE OF MAINE
SENATE
117TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT " B " to S.P. 314, L.D. 895, Bill, "An Act to Require Mortgage Insurers to Offer a Policy Following the Cancellation of an Original Policy"

Amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

Sec. 1. 24-A MRSA §2856, sub-§5 is enacted to read:

5. When a group policy issued pursuant to this chapter is cancelled, the replacement policy must offer comparable coverage to existing certificate holders. The replacement policy may not require any evidence of insurability from debtors insured under the prior policy as a condition of coverage. The replacement coverage may be limited to the level of benefit insured at the time of cancellation. This section does not apply to an insurance policy issued in connection with indebtedness that is discharged or refinanced. For purposes of this section, the group credit life or credit health insurance policy issued to replace the prior contract or policy is the "replacement policy."

Sec. 2. 24-A MRSA §2857, sub-§2, as enacted by PL 1969, c. 132, §1, is amended to read:

2. Content of policy or certificate. Each individual policy or group certificate of credit life insurance or credit health insurance shall must, in addition to other requirements of law, set forth the name and home office address of the insurer, the name or names of the debtor, or, in the case of a certificate under a group policy, the identity by name or otherwise of the

2 debtor; the premium or amount of payment, if a separate
3 identifiable charge is paid by the debtor separately for credit
4 life insurance and credit health insurance; a description of the
5 coverage, including the amount and term thereof of the coverage,
6 and any exceptions, limitations and restrictions, including
7 conditions under which the policy may be terminated, which must
8 be highlighted in bold print; and shall must state that the
9 benefit shall-be is paid to the creditor to reduce or extinguish
10 the unpaid indebtedness and, wherever the amount of insurance may
11 exceed the unpaid indebtedness, that any such excess shall-be is
12 payable to a beneficiary, other than the creditor, named by the
13 debtor or to his the debtor's estate. During the 30 days
14 immediately following the commencement date, the debtor may
15 cancel the insurance and request in writing a full refund of
16 premium for any reason.'

17 Further amend the bill by inserting at the end before the
18 statement of fact the following:

20 **FISCAL NOTE**

21 This bill may increase the number of civil suits filed in
22 the court system. The additional workload and administrative
23 costs associated with the minimal number of new cases filed can
24 be absorbed within the budgeted resources of the Judicial
25 Department. The collection of additional filing fees may also
26 increase General Fund revenue by minor amounts.'

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29
30 **STATEMENT OF FACT**

31 This amendment is the minority report.

32
33 This amendment replaces the original bill and does the
34 following.

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36 1. The amendment prohibits any requirement of evidence of
37 insurability for existing debtors when a replacement policy is
38 offered after termination of the group policy.

39
40 2. The amendment requires specific bold-printed language in
41 policies and certificates of credit life and credit health
42 insurance that indicates the conditions under which a group
43 policy may be terminated and adds a 30-day "free look" provision
44 to all credit life and credit health insurance policies.

45
46 3. The amendment adds a fiscal note to the bill.