



117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 895

S.P. 314

In Senate, March 21, 1995

An Act to Require Mortgage Insurers to Offer a Policy Following the Cancellation of an Original Policy.

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

May M. us -

MAY M. ROSS Secretary of the Senate

Presented by Senator CLEVELAND of Androscoggin.

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

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Sec. 1. 24-A MRSA §2604-A, sub-§8 is enacted to read:

8. When a group policy issued pursuant to subsection 7 is
due to be cancelled, the creditor shall offer the insured debtors another policy that provides similar life insurance coverage. An
insurer or creditor may not deny a replacement policy of credit life insurance on the basis of a preexisting physical condition
or illness that has arisen since the beginning of coverage under the original credit life insurance policy.

STATEMENT OF FACT

16 This bill requires that creditors that provide mortgage life insurance under group policies offer similar coverage when the group policies are due to be cancelled. It also prevents creditors and insurers from denying continued insurance coverage 20 on the basis of a preexisting physical condition or illness if the condition has arisen since the date of the original mortgage 22 life insurance policy.