

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
117TH LEGISLATURE
FIRST REGULAR SESSION

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 788, L.D. 1105, Bill, "An Act to Clarify the Responsibility of an Insurance Agent in the Disclosure of Information"

Amend the amendment by striking out all of section 1 and inserting in its place the following:

'Sec. 1. 24-A MRSA §3102-A is enacted to read:

§3102-A. Indemnification; surety on bonds

1. Annual notice to indemnitors. An insurer authorized to transact surety insurance in this State that acts as surety upon a payment or performance bond executed in this State in reliance on an indemnity agreement shall annually notify the following persons of the existence of the indemnity agreement, except an indemnitor who is also a principal on the bond:

A. All indemnitors who are residents of the State;

B. All indemnitors of a bond executed by a corporation incorporated in the State; and

C. The surety insurer's agent or broker, if an agent or broker is involved.

Notice to the indemnitors must be sent by certified mail to their last known address. The annual notice must be sent on or before

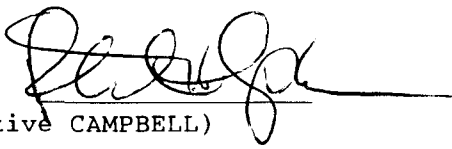
the anniversary of the date of the execution of the indemnity agreement.

2. Termination of indemnity agreement. Failure to send an annual notice in accordance with the requirements of this section terminates an indemnity agreement executed after the effective date of this section as to any indemnitor to whom the annual notice was not sent. In no event does failure to send an annual notice or termination of the indemnity agreement relieve an indemnitor or the indemnitors' heirs, successors or assigns from past, present or future liability arising under any such bond executed in reliance upon the indemnity agreement if that indemnity agreement was in effect at the time the bond was executed.

3. Notice when bonds are executed. When an agent or broker is involved in a transaction where one or more bonds are executed, the agent or broker must provide a copy of the annual notice of the existence of an indemnity agreement sent by the surety or a copy of the indemnity agreement to the person or persons executing the bond.'

STATEMENT OF FACT

This amendment, which incorporates the substance of Senate Amendment "B" to Committee Amendment "A", requires that notification of indemnity agreements made in connection with performance or payment bonds be made on an annual basis to indemnitors who are residents of the State and who indemnify bonds executed by corporations of this State.

SPONSORED BY: 
(Representative CAMPBELL)

TOWN: Holden