

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

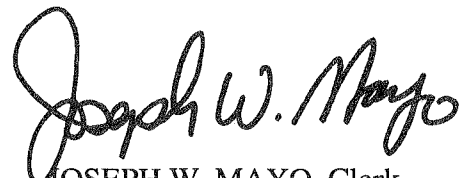
No. 112

H.P. 87

House of Representatives, January 9, 1997

**An Act to Aid Enforcement of the Laws Regarding Mandatory Insurance
for Motor Vehicles.**

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


JOSEPH W. MAYO, Clerk

Presented by Representative PINKHAM of Lamoine.
Cosponsored by Representatives: CAMERON of Rumford, FISHER of Brewer, HONEY of Boothbay, JONES of Bar Harbor, KNEELAND of Easton, LAYTON of Cherryfield, WHEELER of Bridgewater.

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

4 **Sec. 1. 29-A MRSA §1602, sub-§1-A** is enacted to read:

6 **1-A. Demand after cancellation or termination.** On the 11th
8 day after receipt of a notice of cancellation or termination
10 required under section 1606, subsection 5, the Secretary of State
12 shall demand of the former policyholder proof of financial
14 responsibility under section 1605. This notice must include a
16 statement of the legal penalties for failure to provide the proof
18 demand.

20 This subsection does not apply to:

22 A. Cancellation or termination occasioned by sale of the
24 vehicle insured by the policy; or

26 B. Cancellation or termination when substitute proof of
28 financial responsibility has been provided in a timely
30 fashion and accepted by the Secretary of State.

32 **Sec. 2. 29-A MRSA §1606, sub-§5,** as enacted by PL 1993, c.
34 683, Pt. A, §2 and affected by Pt. B, §5, is amended to read:

36 **5. Cancellation of policy.** A policy certified as proof of
38 financial responsibility may not be canceled until at least 10
40 days after notice of cancellation has been filed in the office of
42 the Secretary of State.

44 A policy subsequently certified terminates on the effective date
46 of certification the insurance previously certified with respect
48 to a motor vehicle designated in both certificates.

50 The company may specify on a certificate the expiration date of
the policy. When an expiration date is provided, the policy is
deemed terminated for purposes of this chapter on and after that
date, unless that policy has been previously canceled or
superseded. Ten days before the specified expiration date, the
company shall send to the Secretary of State a notice of
termination by expiration of the policy.

When an expiration date is not specified on the certificate, the
policy continues until canceled or superseded in accordance with
section 1605, subsection 5.

SUMMARY

This bill amends the motor vehicle laws regarding auto
insurance to require that, in addition to the existing

2 requirement of a 10-day notice before cancellation of a policy,
insurance companies provide the Secretary of State with a 10-day
4 notice before termination of a policy occurs by expiration. In
either case the Secretary of State must demand proof of financial
6 responsibility under the Maine Revised Statutes, Title 29-A,
section 1602, including notice of the penalties for failure to
provide proof. Under the terms of section 1602, subsection 2,
8 failure to comply with the demand within 30 days will result in
the suspension of the person's license, of the registration of
10 the vehicle for which proof of insurance was not provided and of
the right to apply for a license or registration.