

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 622

S.P. 194

In Senate, January 30, 1997

**An Act to Deter Automobile Owners from Cancelling their Insurance
and to Require Notification of Cancellation.**

Reference to the Committee on Transportation suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator LIBBY of York.
Cosponsored by Representative McALEVEY of Waterboro.

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

2
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 demand 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. Cancellations or terminations 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 timely provided and
30 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superseded.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; a company that fails to
comply with this requirement commits a civil violation for which
a forfeiture of \$1,000 may be adjudged.

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

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

14 An insurance company that fails to provide the required
notice is subject to a civil forfeiture of \$1,000.