

# MAINE STATE LEGISLATURE

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DATE: 3-11-98

(Filing No. H-873)

BANKING AND INSURANCE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1256, L.D. 1783, Bill, "An Act to Clarify the Laws Concerning Claims Settlement Practices"

Amend the bill in Part A in section 1 in that part designated "§2164-D." in subsection 3 in paragraph B in the 2nd line (page 1, line 38 in L.D.) by inserting after the following: "pertinent" the following: 'written'

Further amend the bill in Part A in section 1 in that part designated "§2164-D." in subsection 3 by striking out all of paragraph F and inserting in its place the following:

'F. Failing to affirm coverage or deny coverage, reserving any appropriate defenses, within a reasonable time after having completed its investigation related to a claim;'

Further amend the bill in Part A in section 1 in that part designated "§2164-D." in subsection 3 by striking out all of paragraph G.

Further amend the bill in Part A in section 1 in that part designated "§2164-D." in subsection 3 in paragraph K in the last 2 lines (page 2, lines 27 and 28 in L.D.) by striking out the following: "a reasonable and accurate" and inserting in its place the following: 'an accurate written'

Further amend the bill in Part A in section 1 in that part designated "§2164-D." in subsection 3 in paragraph L in the last

line (page 2, line 32 in L.D.) by striking out the following:  
2 "request" and inserting in its place the following: 'request.  
4 This paragraph does not apply when there is an extraordinary loss  
or series of losses resulting from a catastrophe as determined by  
the superintendent'

6  
8 Further amend the bill in Part A in section 1 in that part  
designated "§2164-D." in subsection 3 by relettering the  
paragraphs to read consecutively.

10  
12 Further amend the bill in Part A in section 1 in that part  
designated "§2164-D." by inserting after subsection 4 the  
following:

14  
16 '5. Resolution of claims. It is an unfair claims practice  
for any domestic, foreign or alien insurer transacting business  
in this State to fail to deal with insureds in good faith to  
resolve claims made against policies of insureds without just  
cause and with such frequency as to indicate a general business  
practice.

22  
24 6. Chapter 56-A. The superintendent shall ensure that the  
provisions of chapter 56-A and any rules adopted pursuant to that  
chapter are enforced consistent with this section.'

26  
28 Further amend the bill in Part A in section 1 in that part  
designated "§2164-D." in subsection 7 in the 2nd line (page 3,  
line 12 in L.D.) by striking out the following: "life, health,"

30  
32 Further amend the bill in Part A in section 1 in that part  
designated "§2164-D." by renumbering the subsections to read  
consecutively.

34 Further amend the bill by striking out all of Part B.

36  
38 Further amend the bill in Part C in section 1 in subsection  
1 in paragraph B in the first line (page 4, line 15 in L.D.) by  
inserting after the following: "superintendent;" the following:  
"or"

40  
42 Further amend the bill in Part C in section 1 in subsection  
1 in paragraph C in the last line (page 4, line 19 in L.D.) by  
striking out the following: "; or" and inserting in its place  
the following: '.\_'

46  
48 Further amend the bill in Part C in section 1 in subsection  
1 by striking out all of paragraph D (page 4, lines 21 to 24 in  
L.D.)

Further amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

Further amend the bill by inserting at the end before the summary the following:

#### FISCAL NOTE

The Bureau of Insurance within the Department of Professional and Financial Regulation will incur some minor additional costs to adopt certain rules and to enforce and administer new regulatory requirements. These costs can be absorbed within the bureau's existing budgeted resources.

The authorization for the Superintendent of Insurance to assess certain fines will result in insignificant increases of dedicated revenue to the Bureau of Insurance.

The additional workload and administrative costs associated with the minimal number of new cases filed in the court system can be absorbed within the budgeted resources of the Judicial Department. The collection of additional fines may increase General Fund revenue by minor amounts.

#### SUMMARY

This amendment does the following.

1. It clarifies language related to "unfair claims practices" and removes language making it an unfair claims practice for insurers to settle or attempt to settle claims for less than represented to an insured in advertising material.

2. It removes Part B of the bill.

3. It allows an exception for the failure of insurers to provide forms necessary to present claims within 15 days of a request when there is an extraordinary loss or series of losses as determined by the Superintendent of Insurance.

4. It makes it an unfair claims practice for insurers to fail to deal with insureds in good faith to resolve claims.

5. It requires the Superintendent of Insurance to ensure that the unfair claims practices provisions are enforced consistent with the Maine Revised Statutes, Title 24-A, chapter 56-A.

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6. It removes from unfair claims practices the exemption for life and health insurers.

4

7. It adds a fiscal note to the bill.

**COMMITTEE AMENDMENT**