



119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 165

S.P. 49

In Senate, January 11, 1999

An Act Requiring Life Insurers to Have a Return of Premium Provision.

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

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JOY J. O'BRIEN Secretary of the Senate

Presented by Senator HARRIMAN of Cumberland. Cosponsored by Senator ABROMSON of Cumberland.

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

Sec. 1. 24-A MRSA §2453, as enacted by PL 1997, c. 604, Pt. 4 F, §2, is amended to read:

6 §2453. Effective date of cancellation

Life--and--health Health insurance policies that do not 8 provide for any refund of premium when a policyholder requests cancellation prior to the end of the period for which premiums 10 have been paid must state that no refund is payable and that the 12 cancellation will take effect at the end of the period for which premiums have been paid unless the policyholder requests an 14 earlier cancellation date. If a policyholder requests cancellation of a contract before the end of the period for which premiums have been paid, then the insurer must inform the 16 policyholder in writing that no refund is payable and give the 18 policyholder an opportunity to amend the cancellation request to take effect at the end of the period for which premiums have been 20 paid.

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Sec. 2. 24-A MRSA §2454 is enacted to read:

24 §2454. Return of premium required

Life insurance policies must provide for a refund of premium when a policyholder requests cancellation prior to the end of the period for which premiums have been paid. The insurer shall refund that portion of the premium covering the period after the effective date of cancellation of the policy and the end of the period for which premiums have been paid.

SUMMARY

36 This bill requires that life insurance policies provide for a refund of the premium when a policyholder requests cancellation 38 prior to the end of the period for which premiums have been paid.