

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 229

H.P. 167

House of Representatives, January 11, 1999

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

Reference to the Committee on Transportation suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative GAGNE of Buckfield.
Cosponsored by Senator FERGUSON of Oxford and
Representatives: BOLDUC of Auburn, LABRECQUE of Gorham, McDONOUGH of
Portland, SHIELDS of Auburn, TOWNSEND of Portland.

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 of policy.**

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

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. The company may not cancel a policy
44 until the insured has presented to the company a receipt from the
46 Secretary of State indicating that the registration plates
48 assigned to the insured motor vehicle have been returned to the
50 Secretary of State.

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

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

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4 This bill amends the motor vehicle laws regarding auto
6 insurance to require that, in addition to the existing
8 requirement of a 10-day notice before cancellation of a policy,
10 insurance companies provide the Secretary of State with a 10-day
12 notice before termination of a policy occurs by expiration and
14 the insured shall provide the insurance company with a receipt
16 from the Secretary of State indicating that the insured has
18 returned the registration plates that were issued to the insured
motor vehicle. In either case the Secretary of State must demand
proof of financial 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, failure to comply with the demand
within 30 days will result in the suspension of the person's
license, of the registration of the vehicle for which proof of
insurance was not provided and of the right to apply for a
license or registration.