

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1392

H.P. 994

House of Representatives, February 18, 1999

An Act Concerning the Lapse of Automobile Insurance.

Reference to the Committee on Transportation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative HEIDRICH of Oxford.
Cosponsored by Representative AHEARNE of Madawaska,
Representatives: MAYO of Bath, McKENNEY of Cumberland, SNOWE-MELLO of Poland,
TUTTLE of Sanford, Senator: FERGUSON of Oxford.

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

2
4 **Sec. 1. 29-A MRSA §1602, sub-§§1-A and 3-A** are enacted to read:

6 **1-A. Demand after cancellation or termination of policy.**
8 On the 31st 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 **3-A. Removal of registration plates.** If the former
34 policyholder does not within 10 days after receipt of notice in
36 subsection 1-A provide the Secretary of State with proof of
38 financial responsibility under section 1605, the Secretary of
40 State shall notify the local law enforcement agency to remove the
42 registration plates from the uninsured motor vehicle and return
44 the registration plates to the Secretary of State. The Secretary
46 of State shall retain the registration plates until the person
48 provides proof of financial responsibility under section 1605.

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

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

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policy continues until canceled or superseded in accordance with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

4
6 The insurance company shall notify the Secretary of State of a
cancellation of a policy within 30 days of cancellation of a
8 policy that was maintained to meet the requirements of this
chapter.

10
12 **SUMMARY**

14 This bill requires an insurance company to notify the
Secretary of State within 30 days after the cancellation of an
16 automobile insurance policy that was maintained to meet the
requirements of the financial responsibility law. The Secretary
18 of State then requests proof of financial responsibility from the
former policyholder and, if proof is not given, the Secretary of
20 State notifies the local law enforcement agency of the
noncompliance and the law enforcement agency removes the
22 registration plates from the uninsured motor vehicle. Upon
notification that financial responsibility has been met, the
Secretary of State returns the registration plates to the owner.