

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2001

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Legislative Document

No. 154

H.P. 143

House of Representatives, January 16, 2001

**An Act to Amend the Law Governing Unfair Claims Settlement Practices.**

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

*Millicent M. MacFarland*

MILLICENT M. MacFARLAND, Clerk

Presented by Representative SMITH of Van Buren.

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

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**Sec. 1. 24-A MRSA §2436-A, sub-§1**, as repealed and replaced by PL 1997, c. 621, §1, is amended to read:

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**1. Civil actions.** A person injured by any of the following actions taken by ~~that person's own~~ an insurer may bring a civil action and recover damages, together with costs and disbursements, reasonable attorney's fees and interest on damages at the rate of 1 1/2% per month:

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A. Knowingly misrepresenting to an insured pertinent facts or policy provisions relating to coverage at issue;

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B. Failing to acknowledge and review claims, which may include payment or denial of a claim, within a reasonable time following receipt of written notice by the insurer of a claim by an insured arising under a policy;

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C. Threatening to appeal from an arbitration award in favor of an insured for the sole purpose of compelling the insured to accept a settlement less than the arbitration award;

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

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E. Without just cause, failing to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear.

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**Sec. 2. 24-A MRSA §2436-A, sub-§4**, as enacted by PL 1997, c. 621, §1, is repealed.

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**SUMMARY**

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This bill amends the law governing unfair claims settlement practices in 2 ways. First, the bill removes the requirement that civil actions may be brought only against one's own insurer, and allows suit against any insurer. Second, the bill removes the provision that exempted workers' compensation claims.

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