

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 238

H.P. 177

House of Representatives, January 18, 2005

An Act To Amend the Insurance Code Regarding Discontinuance of a Line of Business

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative PERRY of Calais.
Cosponsored by Representative: MARRACHÉ of Waterville.

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

Sec. 1. 24-A MRSA §2916-C, as enacted by PL 1995, c. 544, §9, is amended to read:

§2916-C. Discontinuance of a line of business

If an insurer files a plan with the superintendent to discontinue business in a line of insurance subject to this subchapter, the superintendent may authorize the nonrenewal of policies in that line of business if the plan filed by the insurer demonstrates ~~the availability of equivalent replacement policies for all policyholders at the same or lower rates that~~ there is competition in that line of business and that coverage is generally available. The nonrenewal of a policyholder pursuant to this section may not be considered by an insurer in future coverage determinations. An insurer may resume transacting business in a line of insurance discontinued pursuant to this section upon written notification to the superintendent.

Sec. 2. 24-A MRSA §3055-A, as enacted by PL 1995, c. 544, §10, is amended to read:

§3055-A. Discontinuance of a line of business

If an insurer files a plan with the superintendent to discontinue business in a line of insurance subject to this subchapter, the superintendent may authorize the nonrenewal of policies in that line of business if the plan filed by the insurer demonstrates ~~the availability of equivalent replacement policies for all policyholders at the same or lower rates that~~ there is competition in that line of business and that coverage is generally available. The nonrenewal of a policyholder pursuant to this section may not be considered by an insurer in future coverage determinations. An insurer may resume transacting business in a line of insurance discontinued pursuant to this section upon written notification to the superintendent.

SUMMARY

This bill amends the provisions relating to a discontinuance of a line of business to allow the Superintendent of Insurance to authorize an insurer to nonrenew a line of business if the insurer demonstrates that there is competition in that line of business.