

MAINE STATE LEGISLATURE

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INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE
SENATE
122ND LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to S.P. 167, L.D. 541, Bill, "An Act To Amend the Laws Related to Cancellation and Nonrenewal of Insurance"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 24-A MRSA §2912, sub-§2, as amended by PL 1977, c. 403, §1, is further amended to read:

2. Renewal or renew. "Renewal" or "to renew" means the issuance and delivery by an insurer of a policy replacing at the end of the previous policy term a policy previously issued and delivered by the same insurer, or the issuance and delivery of a certificate or notice extending the coverage of the policy beyond its original term. Any renewal policy, other than a replacement policy for an unfinished term, with a term of one year or less shall--be is considered written, for the purposes of this subchapter, for a term of one year. For purposes of this subchapter, the transfer of a policy from an insurer to an affiliate is considered a policy renewal.

Any policy written for a term longer than one year or with no fixed expiration date shall--be is considered written for successive policy terms of one year.

Sec. 2. 24-A MRSA §2915, as amended by PL 1989, c. 172, §4, is further amended to read:

§2915. Delivery of notice

COMMITTEE AMENDMENT "A" to S.P. 167, L.D. 541

2 No A notice of cancellation of a policy shall--be is not
effective unless received by the named insured at least 20 days
4 prior to the effective date of cancellation, or, when the
cancellation is for nonpayment of premium, at least 10 days prior
6 to the effective date of cancellation. In the event the policy is
an automobile physical damage policy, like notice of cancellation
8 shall must also be given to any other person mentioned in the
loss payable clause. A postal service certificate of mailing to
10 the named insured at the insured's last known address shall--be is
conclusive proof of receipt on the 5th calendar day after mailing.

12 Except for a policy whieh that has been in effect for less
than 60 days at the time notice of cancellation is received by
14 the named insured, the reason for cancellation shall must
accompany the notice, together with a notice of the right to
16 apply for a hearing before the Superintendent of Insurance within
30 days, as provided in section 2920.

18 Prior to the date of renewal of a policy that has been
20 transferred by an insurer to an affiliate, the insured must
receive notice of any changes to the terms of the policy that are
22 less favorable to the insured.

24 **Sec. 3. 24-A MRSA §3007, sub-§1, ¶E,** as enacted by PL 1985, c.
671, §2, is amended to read:

26 E. "Renewal" or "to renew" means the issuance of, or the
28 offer to issue by an insurer or an affiliate of an insurer,
a policy succeeding a policy previously issued and delivered
30 by the same insurer or an affiliated insurer or the issuance
of a certificate or notice extending the terms of an
32 existing policy for a specified period beyond its expiration
date. For purposes of this section, the transfer of a
34 policy from an insurer to an affiliate is considered a
policy renewal.

36 **Sec. 4. 24-A MRSA §3007, sub-§5, ¶B,** as enacted by PL 1985, c.
38 671, §2, is amended to read:

40 B. Nonrenewal subject to this section shall is not be
effective prior to 30 days after receipt of notice written
42 by the insured. Prior to the date of renewal of a policy
that has been transferred by an insurer to an affiliate, the
44 insured must receive notice of any changes to the terms of
the policy that are less favorable to the insured.

46 **Sec. 5. 24-A MRSA §3050,** as amended by PL 1989, c. 172, §7,
48 is further amended to read:

§3050. Delivery of notice

2
3
4 No A notice of cancellation of a policy shall ~~be~~ is not
5 effective unless received by the named insured at least 20 days
6 prior to the effective date of cancellation, or, when the
7 cancellation is for nonpayment of premium, at least 10 days prior
8 to the effective date of cancellation. A postal service
9 certificate of mailing to the named insured at the insured's last
10 known address shall ~~be~~ is conclusive proof of receipt on the 5th
11 calendar day after mailing.

12
13 Except for a policy which that has been in effect for less
14 than 60 days at the time notice of cancellation is received by
15 the named insured, the reason for cancellation shall ~~must~~
16 accompany the notice, together with a notice of the right to
17 apply for a hearing before the Superintendent of Insurance within
18 30 days, as provided in section 3054.

19
20 Prior to the date of renewal of a policy that has been
21 transferred by an insurer to an affiliate, the insured must
22 receive notice of any changes to the terms of the policy that are
23 less favorable to the insured.

24 **Sec. 6. 24-A MRSA §3051, sub-§1**, as amended by PL 2003, c.
25 671, Pt. A, §8, is further amended to read:

26
27 1. If the insurer has manifested its willingness to renew;
28 ~~or~~

29
30 **Sec. 7. 24-A MRSA §3051, sub-§2**, as enacted by PL 1973, c.
31 239, is amended to read:

32
33 2. If the insured fails to pay any premium due or any
34 advance premium required by the insurer for renewal; or

35
36 **Sec. 8. 24-A MRSA §3051, sub-§3** is enacted to read:

37
38 3. If the insured has transferred a policy to an affiliate.'

39
40
41 **SUMMARY**

42
43 This amendment replaces the bill. The amendment removes the
44 section of the bill relating to uninsured motorist coverage. The
45 amendment clarifies that a transfer of a policy from an insurer
46 to an affiliate is considered a renewal of a policy. It also
47 requires that an insured be given notice prior to renewal of any
48 changes in terms that are less favorable to the insured under a
49 policy that has been transferred to an affiliate.
50