

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 541

S.P. 167

In Senate, February 1, 2005

An Act To Amend the Laws Related to Cancellation and Nonrenewal of Insurance

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MAYO of Sagadahoc.
Cosponsored by Representative FISCHER of Presque Isle and
Senator: SULLIVAN of York, Representatives: BRAUTIGAM of Falmouth, LINDELL of
Frankfort, MARRACHÉ of Waterville, McKANE of Newcastle, PERRY of Calais.

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

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3 **Sec. 1. 24-A MRSA §2902, sub-§1, as amended by PL 1975, c.**
4 437, §1, is further amended to read:

6 1. ~~No~~ A policy insuring against liability arising out of
7 the ownership, maintenance or use of any motor vehicle shall may
8 not be delivered or issued for delivery in this State with
9 respect to any such vehicle registered or principally garaged in
10 this State, unless coverage is provided ~~therein~~ in that policy or
11 supplemental ~~thereto~~ to that policy for the protection of persons
12 insured ~~thereunder~~ under that policy who are legally entitled to
13 recover damages from owners or operators of uninsured,
14 underinsured or hit-and-run motor vehicles, for bodily injury,
15 sickness or disease, including death, resulting from the
16 ownership, maintenance or use of such an uninsured, underinsured
17 or hit-and-run motor vehicle. A policy may limit coverage under
18 this section to insured persons as defined in that policy. The
19 coverage ~~herein~~ required under this subsection may be referred to
20 as "uninsured vehicle coverage." For the purposes of this
21 section, "underinsured motor vehicle" means a motor vehicle for
22 which coverage is provided, but in amounts less than the minimum
23 limits for bodily injury liability insurance provided for under
24 the motorist's financial responsibility laws of this State or
25 less than the limits of the injured party's uninsured vehicle
26 coverage.

27 **Sec. 2. 24-A MRSA §2912, sub-§2, as amended by PL 1977, c.**
28 403, §1, is further amended to read:

29 2. **Renewal or renew.** "Renewal" or "to renew" means the
30 issuance and delivery by an insurer or an affiliate of an insurer
31 of a policy replacing at the end of the previous policy term a
32 policy previously issued and delivered by the same that insurer
33 or affiliated insurer, or the issuance and delivery of a
34 certificate or notice extending the coverage of the policy beyond
35 its original term. Any renewal policy, other than a replacement
36 policy for an unfinished term, with a term of one year or less
37 shall be is considered written, for the purposes of this
38 subchapter, for a term of one year.

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

42 **Sec. 3. 24-A MRSA §2915, as amended by PL 1989, c. 172, §4,**
43 is further amended to read:

44 **§2915. Delivery of notice**
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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 which 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 Notwithstanding sections 2914 and 2916-A, a notice of
20 nonrenewal is not required if a policyholder is notified by the
insurer that the policy is being transferred to an affiliate of
22 that insurer for future coverage.

24 **Sec. 4. 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.

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

38 **§3050. Delivery of notice**

40 No A notice of cancellation of a policy shall be is not
effective unless received by the named insured at least 20 days
42 prior to the effective date of cancellation, or, when the
cancellation is for nonpayment of premium, at least 10 days prior
44 to the effective date of cancellation. A postal service
certificate of mailing to the named insured at the insured's last
46 known address shall be is conclusive proof of receipt on the 5th
calendar day after mailing.

48 Except for a policy which that has been in effect for less
50 than 60 days at the time notice of cancellation is received by

2 the named insured, the reason for cancellation shall must
3 accompany the notice, together with a notice of the right to
4 apply for a hearing before the Superintendent of Insurance within
5 30 days, as provided in section 3054.

6 Notwithstanding sections 3049 and 3051, a notice of
7 nonrenewal is not required if a policyholder is notified by the
8 insurer that the policy is being transferred to an affiliate of
9 that insurer for future coverage.

12 SUMMARY

14 This bill amends uninsured vehicle coverage requirements to
15 clarify that an insurance policy may define the scope of coverage
16 of the policy. This legislation is required as a result of
17 Butterfield v. Norfolk and Dedham Mutual Fire Insurance Company,
18 2004 ME 124 and adopts the position of the dissenting opinion in
19 that case.

20 This bill also clarifies that a transfer of a policy from an
21 insurer to an affiliate, with notice, is not a cancellation or a
22 nonrenewal of the policy since coverage is in fact being renewed.
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