

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 634

H.P. 467

House of Representatives, February 8, 2005

An Act To Amend the Electronic Insurance Cancellation Notification Law

(EMERGENCY)

Reference to the Committee on Transportation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative FISCHER of Presque Isle.
Cosponsored by Senator DAMON of Hancock and
Representatives: BROWNE of Vassalboro, COLLINS of Wells, FISHER of Brewer,
MARLEY of Portland, VAUGHAN of Durham, Senators: MAYO of Sagadahoc, SAVAGE of
Knox.

2 **Emergency preamble. Whereas,** acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4
6 **Whereas,** the 120th Legislature enacted a law in the year
2001 to reduce the number of uninsured vehicles traveling on the
State's public ways by requiring the Secretary of State's office
8 to suspend the registrations of any vehicles for which insurance
is cancelled if evidence of new insurance or reinstated insurance
10 is not demonstrated within 30 days of the cancellation of
insurance; and

12 **Whereas,** this law became effective on January 1, 2005; and

14
16 **Whereas,** this law requires insurance companies to notify the
Secretary of State's office immediately upon cancelling an
insurance policy and does not allow the Secretary of State time
18 to learn whether the person whose policy was cancelled has
purchased a policy with a different company or has had the
cancelled policy reinstated; and

20
22 **Whereas,** the current process as defined by law will
unnecessarily result in thousands of notifications of suspensions
24 being mailed each month to persons who do indeed insure their
vehicles but were caught in the cancellation reporting system
26 because they simply changed insurance carriers or had policies
reinstated; and

28
30 **Whereas,** the paperwork and labor required to revoke all
these unnecessary notifications of registration suspensions will
create unnecessary government expense and bureaucracy and place
32 unnecessary requirements upon the State's citizens to demonstrate
evidence of insurance; and

34
36 **Whereas,** allowing a reconciliation period within the
Secretary of State's office to allow the Secretary of State to
reconcile cancellations with demonstrations of evidence of
38 insurance prior to mailing out notifications of registration
suspensions will facilitate an efficient and cost effective
40 process that will significantly reduce the number of
notifications of registration suspensions to be sent, and will
42 greatly improve the effectiveness of identifying those vehicles
that are uninsured so that appropriate action can be taken to
44 remove the uninsured vehicles from the State's public ways; and

46 **Whereas,** allowing insurance companies to provide evidence of
insurance of new policies to the Secretary of State with
48 electronic transmittal of information will also decrease the
number of unnecessary notifications of registration suspensions

2 being sent and increase efficiencies within the Secretary of
State's office during the reconciliation period; and

4 **Whereas**, in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
6 Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
8 safety; now, therefore,

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

12 **Sec. 1. 29-A MRSA §1601-A, sub-§3, ¶A**, as enacted by PL 2001,
c. 463, §2 and affected by PL 2003, c. 434, §35, is amended to
14 read:

16 A. Name, address and date of birth of the ~~owner-or-owners~~
~~of-the-motor-vehicle~~ insured person or persons named on the
18 cancelled policy; and

20 **Sec. 2. 29-A MRSA §1601-A, sub-§4**, as amended by PL 2003, c.
652, Pt. C, §1 and affected by §3, is further amended to read:

22 **4. Suspension.** Except as provided in subsection 5, the
24 Secretary of State, upon termination of a 15-day reconciliation
period described in subsection 6 following receipt of the notice
26 required in subsection 1 and a lack of evidence of insurance,
shall suspend, within 30 20 days and in accordance with section
28 2482, the owner's registration certificate and plates for that
motor vehicle. The suspension continues until that person
30 provides evidence of insurance to the Secretary of State.

32 **Sec. 3. 29-A MRSA §1601-A, sub-§6** is enacted to read:

34 **6. Evidence of insurance.** An insurance company or insured
person may submit evidence of insurance to the Secretary of
36 State. The Secretary of State shall accept evidence of insurance
for reinstatement of coverage or new coverage by any of the
38 following means:

40 A. Electronic transmittal;

42 B. The Internet;

44 C. Facsimile;

46 D. Mail; or

48 E. Proof of insurance presented at an office of the Bureau
of Motor Vehicles.

50

2 The Secretary of State has a 15-day period in which to reconcile
3 the cancellations, terminations and lapses with the evidence of
4 insurance for reinstatement of coverage and new coverage. If no
5 reconciliation is made, the Secretary of State shall send a
6 notification of registration suspension pursuant to subsection 4.

7 **Emergency clause.** In view of the emergency cited in the
8 preamble, this Act takes effect when approved.

10
11 **SUMMARY**

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13 This bill allows a 15-day reconciliation period at the
14 Secretary of State's office to reconcile cancellations with
15 reinstatements and policies placed with a different company
16 before the Secretary of State sends out a notification of
17 suspension. The bill also requires the Secretary of State to
18 accept by electronic transmittal evidence of insurance for
19 insured persons who are changing insurance carriers. Finally,
20 the bill amends the content of the notification of cancellation
21 to require the name, address and date of birth of the insured or
22 insureds of the motor vehicle, instead of the owner or owners.