

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2006

Legislative Document

No. 1765

S.P. 682

In Senate, December 30, 2005

An Act To Require Insurance Companies To Notify the Secretary of State when a Motor Vehicle Has Been Insured

Approved for introduction by a majority of the Legislative Council Pursuant to Joint Rule 203.

Received by the Secretary of the Senate on December 28, 2005. Referred to the Committee on Transportation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

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

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator COWGER of Kennebec.

Cosponsored by Representative BURNS of Berwick, Representative MARLEY of Portland.

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

Sec. 1. 29-A MRSA §1601-A, as amended by PL 2005, c. 428, §§1 and 2 and affected by §3 and corrected by RR 2005, c. 1, §14, is further amended to read:

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§1601-A. Notification of new insurance or cancellation of insurance

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1. Notice to Secretary of State required. A company insuring a motor vehicle registered in this State shall immediately notify the Secretary of State when that insurance coverage is ~~cancelled or terminated or lapses. If the company knows that a replacement policy has been secured in place of the policy cancelled, terminated or lapsed, the company is not required to notify the Secretary of State.~~

A. New coverage; or

B. Cancelled or terminated or lapses. If the company knows that a replacement policy has been secured in place of the policy cancelled, terminated or lapsed, the company is not required to notify the Secretary of State.

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2. Method of notification. The notice must be in writing and must be transmitted by the insurance company by electronic means as prescribed by the Secretary of State.

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3. Content of notice. The notice must include the following:

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A. Name, address and date of birth of the owner or owners of the motor vehicle; and

B. Vehicle identification number.

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4. Suspension. Except as provided in subsection 5, the Secretary of State, upon termination of a 15-day reconciliation period described in subsection 6 following receipt of the notice of cancellation, termination or lapse required in subsection 1, paragraph B and a lack of evidence of insurance, shall suspend, within 20 days and in accordance with section 2482, the owner's registration certificate and plates for that motor vehicle. The suspension continues until that person provides evidence of insurance to the Secretary of State or until the Secretary of State receives notice of new insurance coverage as required in subsection 1, paragraph A.

2 **5. Stored vehicles.** The Secretary of State, upon receipt
of the notice of cancellation, termination or lapse required in
4 subsection 1, paragraph B, may cancel the owner's registration
certificate and plates for a stored vehicle. The Secretary of
6 State may not reinstate the registration certificate and plates
until the owner provides evidence of insurance to the Secretary
8 of State or until the Secretary of State receives notice of new
insurance coverage as required in subsection 1, paragraph A. For
the purposes of this subsection, "stored vehicle" means a motor
10 vehicle that the Secretary of State determines is stored and not
operated for a period of at least 3 consecutive months per year.
12 The Secretary of State may not, upon cancellation, refund any
portion of the registration fee.

14 **6. Reconciliation period.** Upon receipt of notice under
16 subsection 1, paragraph B, the Secretary of State has a 15-day
period in which to reconcile the cancellation, termination or
18 lapse with the evidence of insurance for reinstatement of
coverage or new coverage received pursuant to subsection 1,
20 paragraph A. If no reconciliation is made, the Secretary of State
shall send a notification of registration suspension pursuant to
22 subsection 4.

24 **7. Evidence of insurance.** An ~~insurance company or~~ insured
person may submit evidence of insurance to the Secretary of
26 State. The Secretary of State shall accept evidence of insurance
from an insured person for reinstatement of coverage or new
28 coverage by any of the following means:

- 30 A. Electronic transmittal;
- 32 B. The Internet;
- 34 C. Facsimile;
- 36 D. Mail; or
- 38 E. Proof of insurance presented at an office of the Bureau
of Motor Vehicles.

40 **8. Fleet insured with commercial automobile coverage.** A
42 company insuring a fleet of 3 or more vehicles with commercial
fleet automobile coverage is exempt from the requirements of this
44 section with respect to that fleet.

46 For the purposes of this subsection, "commercial automobile
coverage" means any coverage provided to an insured, regardless
48 of number of vehicles or entity covered, under a commercial
automobile, garage or truckers coverage form and rated according

2 to either a commercial manual or a rating rule as filed with and
3 approved by the Bureau of Insurance. Vehicle type and ownership
4 are not the primary factors in either underwriting the coverage
5 or rating the coverage. The rating may be subject to individual
6 risk characteristics, including, but not limited to, experience
7 rating, schedule rating, loss rating and deductible rating.

8 **Sec. 2. Effective date.** This Act takes effect January 1, 2007.

10 **SUMMARY**

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13 Current law requires an insurance company providing coverage
14 for a vehicle in this State to notify the Secretary of State when
15 that insurance coverage is cancelled or terminated or lapses.
16 Beginning January 1, 2007, an insurance company or an insured is
17 allowed to provide the Secretary of State with evidence of
18 insurance via electronic means, the Internet, facsimile or U.S.
19 mail or in person.

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21 This bill, beginning January 1, 2007, instead requires an
22 insurance company that is beginning coverage on a motor vehicle
23 in this State to provide the Secretary of State with notice of
24 that coverage. The Secretary of State is required to reconcile a
25 notice of cancellation, termination or lapse with a notice of new
26 coverage.