

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2006

Legislative Document

No. 2059

H.P. 1455

House of Representatives, March 13, 2006

**An Act To Allow an Insured To Terminate Life Insurance Coverage
under a Policy Owned by Another**

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative JACKSON of Allagash.
Cosponsored by Senator MARTIN of Aroostook and
Representatives: CUMMINGS of Portland, FARRINGTON of Gorham, FISCHER of Presque
Isle, PERRY of Calais, Speaker RICHARDSON of Brunswick, TARDY of Newport, Senators:
President EDMONDS of Cumberland, STRIMLING of Cumberland.

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

2 **Sec. 1. 24-A MRSA §2514-A** is enacted to read:

3 **§2514-A. Cancellation for lack of insurable interest**

4 **1. Notice of ability to terminate coverage; options for owner.** An individual life
5 insurance policy must contain a provision, either in the policy itself or in a separate rider
6 attached to the policy upon delivery of the policy, stating that the insured, if not the
7 owner of the policy, may terminate the coverage under the policy upon written
8 notification to the insurer and compliance with this section. The policy also must state
9 that if coverage is terminated pursuant to this section, the only nonforfeiture options
10 available to the owner of the policy are those that do not provide for continued insurance
11 on the life of the insured.

12 **2. Right to terminate coverage.** The right to terminate coverage under this section
13 is available only when the insured is able to show that the circumstances establishing the
14 insurable interest existing at the time the policy was issued no longer exist, including, but
15 not limited to, a copy of a final divorce decree of the owner and the insured.

16 **SUMMARY**

17 This bill allows an insured to request that coverage under an individual life insurance
18 policy not owned by the insured be cancelled if the circumstances establishing the
19 original insurable interest no longer exist. One form of proof of termination of the
20 original insurable interest is a copy of the final divorce decree of the owner of the policy
21 and the insured.