

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

Date: 3-26-07

(Filing No. S-21 )

**INSURANCE AND FINANCIAL SERVICES**

Reproduced and distributed under the direction of the Secretary of the Senate.

**STATE OF MAINE  
SENATE  
123RD LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 46, L.D. 138, Bill, "An Act To Require Prior Notice before Cancellation of a Life Insurance Policy for Nonpayment of Premiums"

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

'24-A MRSA §2556 is enacted to read:

**§2556. Notification prior to lapse or termination**

**1. Notice to 3rd party.** An individual life insurance policy that has been in force for at least one year may not be terminated for nonpayment of premium unless, at least 21 days prior to the expiration of the grace period, the insurer has mailed a notice of cancellation to the policyholder and any 3rd party designated by the policyholder by name and address in writing. The bureau shall adopt rules to implement the notice requirements under this subsection.

**2. Restrictions on lapse or termination; organic brain disease.** Notwithstanding any other provision of this chapter, the bureau shall adopt rules to provide restrictions on cancellation, termination or lapse of individual life insurance policies to reduce the danger that a life insurance policyholder will lose life insurance coverage due to organic brain disease.

**3. Rulemaking.** The rules adopted pursuant to this section apply to all life insurance policies and riders delivered or issued for delivery, continued or renewed in this State. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.'

**SUMMARY**

This amendment replaces the bill. It requires that insurance companies provide notice prior to cancellation of a policy for nonpayment of premiums to the policyholder and a 3rd party that has been designated by the policyholder to receive those notices. It requires the Department of Professional and Financial Regulation, Bureau of Insurance to adopt

**COMMITTEE AMENDMENT**

COMMITTEE AMENDMENT "A" to S.P. 46, L.D. 138

1 rules related to the notice provisions. It also directs the Bureau of Insurance to adopt  
2 rules to provide restrictions on cancellation, termination or lapse of individual life  
3 insurance policies to reduce the danger that life insurance policyholders will lose  
4 coverage due to organic brain disease.

5  
6

**FISCAL NOTE REQUIRED**  
**(See attached)**



Approved: 02/13/07 *MRC*

# 123rd MAINE LEGISLATURE

LD 138

LR 519(02)

**An Act To Require Prior Notice before Cancellation of a Life Insurance Policy for Nonpayment of Premiums**

Fiscal Note for Bill as Amended by Committee Amendment "A" *S-21*

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

---

## Fiscal Note

Minor cost increase - Other Special Revenue Funds

### Fiscal Detail and Notes

Any additional rulemaking costs to the Bureau of Insurance in the Department of Professional and Financial Regulation can be absorbed by the bureau utilizing existing budgetary resources.