

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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Legislative Document

No. 138

S.P. 46

In Senate, January 9, 2007

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

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Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 204.

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 MARRACHÉ of Kennebec.  
Cosponsored by Representative BRAUTIGAM of Falmouth.

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

2 **Sec. 1. 24-A MRSA §2556** is enacted to read:

3 **§2556. Notification prior to cancellation**

4 The superintendent shall adopt rules to provide for notification of the insured person  
5 and another person, if designated by the insured, prior to cancellation of coverage under  
6 an individual life insurance policy for nonpayment of premiums and to provide  
7 restrictions on cancellation when an insured person suffers from organic brain disease.

8 The rules may include, but are not limited to, definitions, minimum disclosure  
9 requirements, notice provisions and cancellation restrictions.

10 The requirements of this section apply to all policies and riders executed, delivered,  
11 issued for delivery, continued or renewed in this State.

12 Rules adopted pursuant to this section are routine technical rules as defined in Title 5,  
13 chapter 375, subchapter 2-A.

14 **SUMMARY**

15 This bill directs the Superintendent of Insurance to adopt rules that will extend  
16 consumer protections currently provided for health insurance to life insurance policies by  
17 requiring insurance companies to provide notice prior to cancellation of a policy for  
18 nonpayment of premiums. It also allows consumers to designate a 3rd party to whom  
19 such notices must be sent.