

MAINE STATE LEGISLATURE

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Date: 4/6/15

Minority

L.D. 220
(Filing No. H-40)

INSURANCE AND FINANCIAL SERVICES

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "B" to H.P. 152, L.D. 220, Bill, "An Act To Require Proper Notification of Life Insurance Cancellation"

Amend the bill by inserting after the title and before the enacting clause the following:

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

Whereas, coverage under the group life insurance coverage program administered by the Maine Public Employees Retirement System may be terminated for nonpayment of premium if premiums are not paid when due at the end of the month; and

Whereas, employees have no recourse to reinstate coverage following termination; and

Whereas, employees may not have received notice of cancellation during an unpaid leave of absence due to an accident or illness and family members learn of the termination of coverage only following the death of the employee; and

Whereas, this legislation would allow employees to designate a 3rd party to also receive a notice of cancellation prior to the termination of life insurance coverage to provide further protection to avoid termination of coverage; and

Whereas, immediate enactment of this legislation is needed to help preserve life insurance coverage for employees and their families; and

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

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

'Sec. 1. 5 MRSA §18058, sub-§1, ¶D is enacted to read:

COMMITTEE AMENDMENT

1 D. The employee may designate in writing the name and address of a 3rd party to
2 whom notice must be provided as required in subsection 6.

3 **Sec. 2. 5 MRSA §18058, sub-§6** is enacted to read:

4 **6. Notice to employee and 3rd party prior to lapse or termination.** Coverage for
5 an employee may not be terminated for nonpayment of premium unless, at least 14 days
6 prior to the lapse or termination of coverage, the board has mailed by certified mail a
7 notice of cancellation to the employee and any 3rd party designated by the employee by
8 name and address in writing pursuant to subsection 1, paragraph D.

9 **Sec. 3. Notification to existing employees.** On or before July 1, 2015, the
10 Maine Public Employees Retirement System shall provide an opportunity to all
11 employees currently insured under the group life insurance program provided in
12 accordance with the Maine Revised Statutes, Title 5, chapter 423, subchapter 6 to
13 designate in writing the name and address of a 3rd party to whom notice of cancellation
14 must be mailed prior to the cancellation of insurance coverage for nonpayment of
15 premium.

16 **Emergency clause.** In view of the emergency cited in the preamble, this
17 legislation takes effect when approved.'

18 **SUMMARY**

19 This amendment is the minority report of the committee. The amendment replaces the
20 bill, which proposes to require individual life insurers to provide notice of termination of
21 a life insurance policy by registered mail. The amendment requires the Maine Public
22 Employees Retirement System to provide notice of cancellation of life insurance
23 coverage administered by the Maine Public Employees Retirement System to an
24 employee and any designated 3rd party. The notice must be by certified mail. The
25 amendment also allows an employee covered by the Maine Public Employees Retirement
26 System to designate a 3rd party to receive the cancellation notice. The amendment also
27 adds an emergency preamble and clause.

28 **FISCAL NOTE REQUIRED**

29 (See attached)



127th MAINE LEGISLATURE

LD 220

LR 1043(03)

An Act To Require Proper Notification of Life Insurance Cancellation

Fiscal Note for Bill as Amended by Committee Amendment

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

B(CH-40)

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Minor cost increase - Other Funds

Fiscal Detail and Notes

Additional costs to the Maine Public Employees Retirement System associated with implementing the requirements of this legislation can be absorbed within existing budgeted resources.