

§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.

[PL 2007, c. 40, §1 (NEW).]

2. Restrictions on lapse or termination; cognitive impairment or functional incapacity. Notwithstanding any other provision of this chapter, an insurer shall provide restrictions on cancellation, termination or lapse of individual life insurance policies in accordance with this subsection to reduce the danger that a life insurance policyholder will lose life insurance coverage when the policyholder suffers from cognitive impairment or functional incapacity and the loss of coverage is due to that cognitive impairment or functional incapacity. Within 90 days after cancellation, termination or lapse of coverage due to nonpayment of premium, a policyholder, a person authorized to act on behalf of the policyholder or a dependent of the policyholder covered under a life insurance policy may request reinstatement on the basis that the loss of coverage was a result of the policyholder's cognitive impairment or functional incapacity. An insurer may request a medical demonstration that the policyholder suffered from cognitive impairment or functional incapacity at the time of cancellation, termination or lapse. The medical demonstration may be at the expense of the policyholder. A policy reinstated pursuant to this subsection must cover any loss or claim occurring from the date of the termination, cancellation or lapse and must be issued without any evidence of insurability. Within 15 days after request from an insurer, a policyholder of a policy reinstated pursuant to this subsection shall pay any unpaid premium from the date of the last premium payment at the rate that would have been in effect had the policy remained in force. If the premium is not paid as required, the policy may not be reinstated and the insurer is not responsible for claims incurred after the initial date of cancellation, termination or lapse of coverage. If an insurer denies a request for reinstatement, the insurer shall notify the policyholder that the policyholder may request a hearing before the superintendent.

[PL 2011, c. 123, §1 (AMD); PL 2011, c. 123, §5 (AFF).]

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

[PL 2011, c. 123, §1 (AMD); PL 2011, c. 123, §5 (AFF).]

SECTION HISTORY

PL 2007, c. 40, §1 (NEW). PL 2011, c. 123, §1 (AMD). PL 2011, c. 123, §5 (AFF).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the First Regular and First Special Session of the 131st Maine Legislature and is current through November 1, 2023. The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.