

§2525. Limitation of liability

1. No policy of life insurance shall be delivered or issued for delivery in this State if it contains any of the following provisions:

A. A provision limiting the time within which an action at law or in equity may be commenced on such a policy to less than 3 years after the cause of action has accrued. [PL 1969, c. 132, §1 (NEW).]

B. A provision that excludes or restricts liability for death caused in a certain specified manner or occurring while the insured has a specified status, except that a policy may contain provisions excluding or restricting coverage as specified therein in the event of death under any one or more of the following circumstances:

(1) Death as a result, directly or indirectly, of war, declared or undeclared, or of action by military forces, or of any act or hazard of such war or action, or of service in the military, naval or air forces or in civilian forces auxiliary thereto, or from any cause while a member of such military, naval or air forces of any country at war, declared or undeclared, or of any country engaged in such military action;

(2) Death as a result of aviation or any air travel or flight;

(3) Death as a result of a specified hazardous occupation or occupations or avocation;

(4) Death while the insured is a resident outside continental United States and Canada;

(5) Death within 2 years from the date of issue of the policy as a result of suicide, while sane or insane; or

(6) Death within 2 years from the date of issue of an increase in policy face amount, as a result of suicide, while sane or insane. [PL 1999, c. 256, Pt. J, §1 (AMD).]

[PL 1999, c. 256, Pt. J, §1 (AMD).]

2. A policy that contains any exclusion or restriction pursuant to subsection 1, paragraph B, subparagraphs (1) to (5) must also provide that, in the event of death under the circumstances to which any such exclusion or restriction is applicable, the insurer will pay an amount not less than the reserve attributable thereto determined according to the commissioner's reserve valuation method upon the basis of the mortality table and interest rate specified in the policy for the calculation of nonforfeiture benefits or, if the policy provides for no such benefits, computed according to a mortality table and interest rate determined by the insurer and specified in the policy, with adjustment for indebtedness or dividend credit.

[PL 1999, c. 256, Pt. J, §2 (AMD).]

2-A. A policy that contains any exclusion or restriction pursuant to subsection 1, paragraph B, subparagraph (6) must also provide that, in the event of death under the circumstances to which an exclusion or restriction regarding the increase in policy face amount is applicable, the insurer will pay, with respect to the increase in policy face amount, a return of premiums paid.

[PL 1999, c. 256, Pt. J, §3 (NEW).]

3. This section shall not apply to group life insurance, health insurance, reinsurance, or annuities, or to any provision in a life insurance policy or contract supplemental thereto relating to disability benefits or to additional benefits in the event of death by accident or accidental means.

[PL 1969, c. 132, §1 (NEW).]

4. Nothing contained in this section shall prohibit any provision which in the opinion of the superintendent is more favorable to the policyholder than a provision permitted by this section.

[PL 1973, c. 585, §12 (AMD).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1979, c. 541, §A164 (AMD). PL 1999, c. 256, §§J1-3 (AMD).

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