CHAPTER 40

MASS MARKETING OF CASUALTY AND PROPERTY INSURANCE

§2931. Purpose

The purpose of this chapter is to prevent abuses in connection with sale of casualty and property insurance in this State pursuant to mass marketing plans, while preserving for consumers the potential benefits of this form of marketing. [PL 1973, c. 625, §146 (NEW).]

SECTION HISTORY

PL 1973, c. 625, §146 (NEW).

§2932. Definitions

As used in this chapter, unless the context otherwise indicates, the following words shall have the following meanings. [PL 1973, c. 625, §146 (NEW).]

1. Casualty insurance. "Casualty insurance" means all contracts of insurance covered by section 707.
[PL 1973, c. 625, §146 (NEW).]

2. Mass marketing plan. "Mass marketing plan" means a method of selling property and casualty insurance wherein such insurance is offered to employees of particular employers or to members of particular associations or organizations or to persons grouped in other ways and the employer, association or organization has agreed to or otherwise affiliated itself with, or facilitated, the sale of such insurance to its employees or members and employees and includes without limitation such plans whether described as "mass merchandising," "group merchandising," "franchise merchandising" or "collective merchandising."
[PL 1973, c. 625, §146 (NEW).]

3. Property insurance. "Property insurance" means all contracts of insurance covered by section 705.
[PL 1973, c. 625, §146 (NEW).]

SECTION HISTORY

PL 1973, c. 625, §146 (NEW).

§2933. Premium rates

Premium rates under a mass marketing plan shall comply with all standards set forth in the Maine Insurance Code, including without limitation the requirement that rates shall not be excessive, inadequate or unfairly discriminatory. Rates shall not be deemed to be unfairly discriminatory because different premiums result for policyholders with like loss exposures but different expense factors, or like expense factors but different loss exposures, so long as the rates reflect the difference with reasonable accuracy. Rates shall not be deemed to be unfairly discriminatory if they are averaged broadly among persons insured under a mass marketing plan. [PL 1973, c. 625, §146 (NEW).]

SECTION HISTORY

PL 1973, c. 625, §146 (NEW).

§2934. Statistics

An insurer selling insurance pursuant to mass marketing plans shall maintain separate statistics as to loss and expense experience pertinent thereto. [PL 1973, c. 625, §146 (NEW).]

SECTION HISTORY

PL 1973, c. 625, §146 (NEW).

§2935. Compulsory participation prohibited

No insurer shall sell insurance pursuant to a mass marketing plan, if it is a condition of employment or of membership in an association, organization or other group that any employee or member purchase insurance pursuant to such plan, or if any employee or member shall be subject to any penalty by reason of his nonparticipation. [PL 1973, c. 625, §146 (NEW).]

SECTION HISTORY

PL 1973, c. 625, §146 (NEW).

§2936. Tie-in sales prohibited

1. No insurer shall sell insurance pursuant to a mass marketing plan if:

A. Purchase of insurance available under such plan is contingent upon the purchase of any other insurance product or insurance service, or [PL 1973, c. 625, §146 (NEW).]

B. The purchase of any other insurance product or insurance service is contingent upon the purchase of insurance available under such plan. [PL 1973, c. 625, §146 (NEW).]

[PL 1973, c. 625, §146 (NEW).]

2. This section shall not be deemed to prohibit the reasonable requirement of safety devices, such as heat detectors, lightning rods, theft prevention equipment and the like.

[PL 1973, c. 625, §146 (NEW).]

SECTION HISTORY

PL 1973, c. 625, §146 (NEW).

§2937. Disclosure required

Every insurer, agent or broker selling insurance pursuant to a mass marketing plan shall, prior to sale, make full and fair disclosure to prospective insureds of all features of such plan, whether favorable or unfavorable, including, but not limited to, the stability of the premium rates, benefits, duration of coverage, policyholder services, conversion privileges available, and the financial and interlocking interests in the plan, if any, of the sponsoring employer, association, organization or group. [PL 1973, c. 625, §146 (NEW).]

SECTION HISTORY

PL 1973, c. 625, §146 (NEW).

§2937-A. Disclosure of underwriting

A person is deemed to be engaged in deceptive advertising if the person makes, publishes or circulates or causes to be made, published or circulated any written statement relating to an underwritten Maine mass marketing plan, if that written statement does not include a conspicuous notice that some members of the group to which the plan is marketed will not be eligible for insurance. A person making the statement is subject to a desist order issued under section 2165 and to any applicable penalty provided by law. [PL 1989, c. 192, §2 (NEW).]

SECTION HISTORY

PL 1989, c. 192, §2 (NEW).

§2938. Availability

(REPEALED)

SECTION HISTORY

PL 1973, c. 625, §146 (NEW). PL 1989, c. 192, §3 (RP).

§2938-A. Availability

The insurer shall file with the superintendent its underwriting rules pertaining to eligibility for the mass marketing plan. No insurer may use underwriting standards for individual risk selection in a mass marketing plan that are, on the whole, more restrictive than the standards used by that insurer for individual risk selection in the sale of the same kind of insurance in this State other than pursuant to mass marketing plans. If an insurer does not sell that kind of insurance in this State other than pursuant to mass marketing plans, its underwriting standards for individual risk selection in those plans, on the whole, may be no more restrictive than the standards used by its principal affiliate, if any, for individual risk selection in the sale of that kind of insurance in this State other than pursuant to mass marketing plans. With respect to motor vehicle insurance, all policies issued under the mass marketing plans must provide at least the financial responsibility limits of coverage stated in Title 29-A, section 1605, subsection 1. [PL 1995, c. 65, Pt. A, §72 (AMD); PL 1995, c. 65, Pt. A, §153 (AFF); PL 1995, c. 65, Pt. C, §15 (AFF).]

If an insurer rejects an applicant for coverage pursuant to a mass marketing plan, the insurer shall provide a notice of rejection to the applicant. Explanations such as "underwriting reasons," "loss record," "location of risk" and similar insurance terms are not by themselves acceptable explanations of an insurer's rejection. [PL 1989, c. 192, §4 (NEW).]

The insurance shall be offered without discrimination against any eligible member of the plan as to rates, forms or coverages. Nothing in this section shall preclude the establishment of different classes of risk. [PL 1989, c. 192, §4 (NEW).]

Insurers may not cancel, fail to renew or change the rating classification of insureds who have coverage in force under existing plans as of the effective date of this section for the sole reason that the insured fails to meet underwriting standards which are applicable to persons enrolling in the plans after the effective date of this section. [PL 1989, c. 192, §4 (NEW).]

SECTION HISTORY

PL 1989, c. 192, §4 (NEW). PL 1995, c. 65, §A72 (AMD). PL 1995, c. 65, §§A153,C15 (AFF).

§2939. Cancellation and nonrenewal

1. Cancellation and nonrenewal shall be subject to the applicable provisions set forth elsewhere in this Title.
[PL 1973, c. 625, §146 (NEW).]

2. The failure of an employer, association, organization or other group to remit premiums when due for any reason, including, but not limited to, interruption or termination of employment or membership, shall not be regarded as nonpayment of premium by any insured under any such plan providing for remittance of premium by such employer, association, organization or other group, unless such insured shall have been given written notice of such failure to remit and shall not himself have paid such premium by the later of 20 days after such notice, or the due date of such premium remittance under the mass marketing plan or pursuant to regulations set forth by the superintendent.
[PL 1973, c. 625, §146 (NEW).]

3. Upon the termination of employment or membership or upon the discontinuance of the mass marketing plan, such insured member or employee may maintain his policy in force, in the same amount, upon payment of the premium applicable to the class of risk to which he belongs, on an individual basis.
[PL 1973, c. 625, §146 (NEW).]

4. Any notice of cancellation or nonrenewal of any policy of any employee or member insured under a mass marketing plan shall be accompanied by a notice to the employee or member that, at his

request, the insurer will afford the employer, association, organization or other group a reasonable opportunity to consult with the insured and to present facts in opposition to cancellation or nonrenewal. [PL 1973, c. 625, §146 (NEW).]

SECTION HISTORY

PL 1973, c. 585, §12 (AMD). PL 1973, c. 625, §146 (NEW).

§2940. Applicability

This chapter shall be applicable only to insurance policies issued or renewed in this State after November 1, 1973 and is in addition to, and not in substitution for, other applicable requirements of the Maine Insurance Code and bureau regulations. [PL 1973, c. 585, §12 (AMD); PL 1973, c. 625, §146 (NEW).]

SECTION HISTORY

PL 1973, c. 585, §12 (AMD). PL 1973, c. 625, §146 (NEW).

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