

BULLETIN 372

Notice to Lenders upon Policy Termination

It has come to the attention of the Superintendent of Insurance that some property and casualty insurers might not be sending the notice that a loss payee or mortgagee should receive when a property or casualty policy is canceled or nonrenewed.

An insurer attempting to cancel or nonrenew a property or casualty policy in Maine must notify the named insured and give the loss payee or mortgagee “like notice” as follows:

Statute	Line of Business	Action	Notice Period	“Like Notice” to:
24-A M.R.S.A. § 2908(5)	Commercial casualty with automobile physical damage coverage	Cancellation or Nonrenewal	10 days if cancellation, otherwise 30 days; plus 3 days mailing	“any party named in a loss payable clause”
24-A M.R.S.A. § 2915	Personal automobile ¹ with physical damage coverage	Cancellation	10 days if nonpayment, otherwise 20 days; plus 5 days mailing	“any party mentioned in the loss payable clause”
24-A M.R.S.A. § 2917	Personal automobile ¹ with physical damage coverage	Nonrenewal	30 days, plus 3 days mailing	“any party named in the loss payable clause”
24-A M.R.S.A. § 3050	Owner-occupied property ²	Cancellation	10 days if nonpayment, otherwise 20 days; plus 5 days mailing	“any party named as mortgagee on the policy”
24-A M.R.S.A. § 3051	Owner-occupied property ²	Nonrenewal	30 days, plus 3 days mailing	“any party named as mortgagee on the policy”

The phrase “like notice” in these statutes means that the insurer must give the loss payee or mortgagee as much notice as the named insured receives. This is because each of these statutes specifies how much notice the named insured must receive. Comparable notice to the lender is important because most secured transactions require that the borrower maintain insurance to protect the lender’s interest in the security and give the lender certain rights upon the borrower’s failure to do so.

Persons having questions about Maine's property and casualty cancellation and nonrenewal statutes should contact the Bureau of Insurance at (207) 624-8475 or toll-free in Maine at (800) 300-5000.

¹ See 24-A M.R.S.A. § 2912(1) for the scope of the Automobile Insurance Cancellation Control Act.

² See 24-A M.R.S.A. § 3048 for the scope of the Property Insurance Cancellation Control Act.

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NOTE: This bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties or privileges nor is it intended to provide legal advice. Readers should consult applicable statutes and rules and contact the Bureau of Insurance if additional information is needed.