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HEALTH COVERAGE, INSURANCE AND FINANCIAL SERVICES

Reproduced and distributed under the direction of the Secretary of the Senate.

**STATE OF MAINE
SENATE
130TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to S.P. 611, L.D. 1752, “An Act To Provide Insurance Coverage for a Beneficiary on a Transfer on Death Deed”

Amend the bill by striking out all of section 1 and inserting the following:

'Sec. 1. 24-A MRSA §3049-A is enacted to read:

§3049-A. Transfer on death deed; provision and cancellation of property insurance

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

- A. "Designated beneficiary" has the same meaning as in Title 18-C, section 6-402, subsection 2.
- B. "Insurable interest" has the same meaning as in section 2406, subsection 2.
- C. "Policy" means an insurance contract subject to this subchapter.
- D. "Transfer on death deed" has the same meaning as in Title 18-C, section 6-402, subsection 6.
- E. "Transferor" has the same meaning as in Title 18-C, section 6-402, subsection 7.

2. Policy to include designated beneficiary. Notwithstanding any provision of law to the contrary, when an insured property passes to a designated beneficiary under a transfer on death deed, any policy covering the insured property must extend to the designated beneficiary, except as provided in this section.

3. Cancellation. Upon receiving a notice of death affidavit under Title 18-C, section 6-414, the insurer may cancel a policy extended pursuant to this section as if the policy had been in effect for less than 90 days, as provided in section 3049. If the insurer does not receive a notice of death affidavit within 30 days after the transferor's death, the policy is deemed to have been cancelled as of the transferor's death without any further action by the insurer.

4. Coverage extended. The coverage extension under this section applies only with respect to the premises and property of the transferor.

COMMITTEE AMENDMENT

1 **5. Proof demanded; policy conditions.** Before making any claim payments to a party
2 claiming rights under this section as a designated beneficiary, the insurer may ask for proof
3 that the party is a designated beneficiary under a properly recorded transfer on death deed
4 and that the party has filed a notice of death affidavit under Title 18-C, section 6-414. The
5 designated beneficiary shall comply with the conditions of the policy.

6 **6. Insurable interest; multiple beneficiaries.** A designated beneficiary is not entitled
7 to recover under a policy extended as provided in this section in an amount that would
8 exceed the designated beneficiary's insurable interest at the time of loss or damage. If the
9 transfer on death deed has designated multiple beneficiaries, nothing in this section requires
10 the insurer to pay an amount for loss or damage to the premises and property that exceeds
11 the amount that would be owed to the transferor if the transferor were living at the time of
12 loss or damage.'

13 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
14 number to read consecutively.

SUMMARY

15 This amendment replaces the substance of the bill. The amendment requires a property
16 insurance insurer to extend coverage for a limited time to a designated beneficiary named
17 on a transfer on death deed when the transferor dies. It provides that the insurer, upon
18 receiving a notice of death affidavit, may cancel the contract as if it had been in effect for
19 less than 90 days as provided in current law and provides that the policy automatically
20 cancels as of the transferor's death if the insurer has not received a notice of death affidavit
21 within 30 days after the transferor's death. The amendment also limits coverage to the
22 property transferred, requires the beneficiary to comply with the policy conditions, allows
23 the insurer to request proof of the transferee's status as a designated beneficiary and, if there
24 are multiple designated beneficiaries, limits the insurer's liability to what it would have
25 owed the transferor at the time of loss or damage.
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