

STATE OF MAINE

—
IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-TWO

—
S.P. 611 - L.D. 1752

An Act To Provide Insurance Coverage for a Beneficiary on a Transfer on Death Deed

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, after a homeowner's death it can take time to reinstate an insurance policy on real property; and

Whereas, continuity of homeowner's insurance coverage after the homeowner's death is critical to protecting the assets of an estate and the interests of the beneficiaries; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

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.

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

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

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.