



# MAINE

## Lobstermen's Association, Inc.

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Committee on Appropriations & Financial Affairs  
5 State House Station  
Augusta, ME 04333

March 14, 2024

Dear Senator Rotundo, Representative Sachs, and members of the Joint Standing Committee on Appropriations and Financial Affairs:

The Maine Lobstermen's Association (MLA) submitted testimony in strong support of LD 2225, An Act to Provide Funding to Rebuild Infrastructure Affected by Extreme Inland and Coastal Weather Events. Kevin Kelley testified in support of the bill for MLA at the public hearing on March 6.

The MLA continues to hear from our members about the challenges they face in recovering from the back to back January storms. We heard from a lobster co-op this week that both of its docks were wiped out by the storms and its insurance claim to replace the docks was denied. The co-op has asked to remain anonymous for fear it will be dropped by its insurance company and it cannot risk losing any potential coverage for damages to other parts of its business.

The estimated cost of replacing its two docks is \$900,000. The co-op's insurance company will not cover any of it citing that the policy does not cover any damages resulting from floods and tidal activity. The letter from the insurance company is attached explaining its reasoning for denying the claim (with information on the insured redacted).

This co-op has been with its insurance company for nine years and has paid a total of \$110,644 in premiums. It remains hopeful that it might receive some compensation for lost bait because that loss was a result of losing power and compressors, rather than flood damage.

The co-op called a marine construction company in the immediate aftermath of the storms. The contractor visited the site the next day and the co-op committed to rebuild because the business cannot function without docks. They were able to secure supplies and are moving forward with construction. The costs are being absorbed by the co-op and its members.

This is just one example of what many small businesses along the Maine coast are facing. This Committee's support of at least \$50 million in financial assistance through LD 2225 will help businesses like this lobster co-op to rebuild without accruing crippling debt, and go a long way in avoiding a fisheries disaster.

Thank you.  
Patrice McCarron, policy director

February 9, 2024

**RE: I**

**Effective Dates: 09/07/2023 to 09/07/2024**

**Type of Loss: Wind and water**

**Date of Loss: 01/10/2024**

**Underwriting Co.: Union Insurance Company**

Acadia Insurance is responsible for handling claims under the above-captioned policy in accordance with an intercompany agreement with Union Insurance Company. And, as you know, Acadia Insurance Company received notice of the above referenced loss on January 10, 2024.

As we advised via email on January 10th and during our initial conversation that day, as well as in our letter dated January 16<sup>th</sup>, Acadia Insurance Company commenced with and investigated the circumstances of this loss and regretfully must advise that damage to the docks, wharf, pilings and / or pier is not covered.

Specifically, please refer to your Policy's Causes of Loss – Special Form – CP 10 30 9/17, **B. Exclusions**, beginning on page 139 of your above referenced Policy:

- 1.** We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**g. Water**

- (1)** Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2)** Mudslide or mudflow;

- (3)** Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4)** Water under the ground surface pressing on, or flowing or seeping through:
  - (a)** Foundations, walls, floors or paved surfaces;
  - (b)** Basements, whether paved or not; or
  - (c)** Doors, windows or other openings; or
- (5)** Waterborne material carried or otherwise moved by any of the water referred to in Paragraph **(1)**, **(3)** or **(4)**, or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.”

For the reasons outlined above, we must inform you that no coverage is available for the damage to the docks, wharf, pilings and / or pier.

Please understand this disclaimer currently only concerns the physical damage sustained to the docks, wharf, pilings and / or pier. An equipment breakdown and ensuing spoilage damage claim is still under investigation. Accordingly, this letter should not be construed as a waiver of any additional rights under the policy.

No act by Acadia Insurance Company, its employees, or agents, shall be construed as a waiver of the policy terms and or conditions.

If you have any questions, please feel free to contact the undersigned.

Sincerely,

*Ben Spike*

Ben Spike

General Adjuster

1-800-773-4300 ext. 2071941

[Ben.Spike@Acadia-Ins.com](mailto:Ben.Spike@Acadia-Ins.com)

CC: J.T. Rosborough, Inc.

Attn: Kaylie Rosborough via email: [kaylie@jtr-inc.com](mailto:kaylie@jtr-inc.com)

Any person who, with a purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete, or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.