



Testimony of State Farm Mutual Insurance Company
In Support of LD 1401

An Act to Repeal the Provisions of Law Requiring Motor Vehicle Liability
Insurance Policies to Cover the Cost of Towing and Storing Certain Vehicles

April 17, 2025

Senator Bailey, Representative Mathieson and distinguished members of the Health Coverage, Insurance and Financial Services Committee: My name is Ben Gilman. I am an attorney with Drummond Woodsum in Augusta, and I represent State Farm Mutual Insurance Company. State Farm is the largest property and casualty insurer in the United States. Thank you for this opportunity to offer testimony in support of LD 1401, An Act to Repeal the Provisions of Law Requiring Motor Vehicle Liability Insurance Policies to Cover the Cost of Towing and Storing Certain Vehicles.

The 131st Maine Legislature passed first in the nation legislation to require auto liability insurance to cover towing costs, State Farm opposed that legislation because of the adverse impact that it would have on insurance rates in Maine. At the time, we stated that these increased costs, by including towing coverage under liability coverage, would ultimately be transferred to customers in the form of premiums – and premiums have increased. Towing and storage pricing adversely impact the availability and affordability of insurance and the availability of vehicles. The goal of towing and storage regulation should be to establish minimum standards for towing and storage vendor services and to promote fair and honest practices in these businesses. It should not be to have an adverse impact on insurance rates. It is important to provide protection for motorists and policy holders on the roadways. State Farm is supportive of language that provides consumers with a choice, by allowing vehicle owners the ability to select a specific tower and location where the vehicle will be towed, if the vehicle is not creating a road hazard and requires the tower to charge reasonable rates and provides the owner an itemized invoice in a reasonable time frame. Maine law now adds additional towing coverage and leaves open-ended what reasonable towing costs incurred could be. This has led to increases for Maine auto insurance rates and underlines why State Farm supports LD 1401.

State Farm respectfully requests that the Committee vote Ought to Pass on LD 1401. We would be pleased to provide any additional information helpful to your consideration of this bill.