



STATE OF MAINE
DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION
BUREAU OF INSURANCE



Janet T. Mills
Governor

Anne L. Head
DPFR Commissioner

Timothy N. Schott
Acting Superintendent

**TESTIMONY OF TIMOTHY N. SCHOTT
ACTING SUPERINTENDENT OF INSURANCE**

BUREAU OF INSURANCE

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

In opposition to L.D. 2074

Presented by Representative Anne Perry

**Before the Joint Standing Committee on Health Coverage,
Insurance & Financial Services**

January 11, 2024 at 1:00 p.m.

Senator Bailey, Representative Perry, and members of the Committee, I am Acting Superintendent of Insurance Timothy Schott. I am here today to testify in opposition to L.D. 2074.

This bill provides that an insurer may not cancel, nonrenew, or refuse to issue an insurance policy for a person's residence based on a loss sustained by that person to a residence owned by that person in another state. Provisions of this bill conflict with the Maine Property Insurance Cancellation Control Act, found in Subchapter 5, Chapter 41, Title 24-A of the Maine Revised Statutes, which provides robust consumer protections to Maine insureds. The bill prohibits cancellation on the stated basis at any time, which conflicts with the provision of the Cancellation Control Act that allows cancellation by the insurer for any reason within the first 90 days of the effective date of a new policy.

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Regarding the issuance of a policy, the bill would limit the ability of insurers to select their own risks, requiring insurers to take on risks they might not otherwise choose. The inability to selectively write policies resulting from this change in law might cause insurers to increase rates or consider writing less new business.

After the first 90 days, the Cancellation Control Act allows cancellation of a homeowner's policy only for reasons stated in Section 3049 of Title 24-A of the Maine Revised Statutes, which include nonpayment of premium, fraud by the insured, negligent acts or omissions by the insured that increase the hazards insured against, violations of the terms or conditions of the policy, the property is vacant and not maintained, and failure to comply with reasonable loss control recommendations, among other reasons. A loss on other property owned by the insured but not covered by the same policy is not a stated reason for cancellation under the Cancellation Control Act, so the insurer would not be permitted to cancel a policy for this reason once the 90 day period has passed under the current law. Regarding non-renewal, the listed reasons for cancellation apply, and an insurer may also nonrenew a policy for other reasons "related to the insurability of the property" according to Section 3051, Title 24-A of the Maine Revised Statutes.

Maine has a competitive market for property insurance and a customer dissatisfied about nonrenewal or refusal to issue on the grounds described in the bill should be able to secure other insurance without difficulty. Inability to obtain insurance due to a loss in another state does not appear to be a very common problem for residents seeking insurance in Maine, as the Bureau has not received any complaints about this issue and has not received any requests for a hearing related to this issue under the Cancellation Control Act.

Thank you, I would be glad to answer any questions now or at the work session.