



To: Maine Joint Standing Committee on Health Coverage, Insurance & Financial Services

Re: Testimony in Opposition to LD 984

Date: April 1, 2021

Senator Sanborn, Representative Tepler and members of the Joint Standing Committee on Health Coverage, Insurance & Financial Services:

On behalf of Acadia Insurance, I am writing to urge the Committee not to pass LD 984, An Act To Allow Procurement of Surplus Lines Insurance for Commercial Forestry and Construction Equipment.

Acadia was founded in 1992 to provide commercial property and casualty insurance programs for small and midsize businesses in Maine. Acadia is still headquartered in Westbrook with 137 Maine-based employees, and insures more than 5,500 businesses located in every county in the state.

LD 984 is, simply put, unnecessary. Acadia offers insurance coverage and loss prevention services to help keep Maine logging contractors and their property safe and in operation. While we are not the only admitted carrier providing insurance to the logging industry, we have served it without interruption for the past 30 years. Under current law, if a business is unable to secure coverage from an admitted insurer, they can easily access the surplus lines marketplace.

Bureau of Insurance Bulletin 439 on surplus lines says, “placing coverage in surplus lines should always be the exception, not the rule. The Bureau of Insurance does not license surplus lines carriers. These carriers are exempt from most of the Insurance Code’s consumer protections, and do not participate in the guaranty associations that protect policyholders if an insurer becomes insolvent.”

The question for this Committee is, if surplus lines should always be the exception, why should it now be the rule for forestry equipment? Exempting logging operations from the domestic insurance market – and the Bureau’s regulations and consumer protections – would set a troubling precedent.

Lastly, LD 984 contains a significant technical issue. As drafted, the exemption would apply to “commercial forestry and construction equipment.” While it does not appear to be the intent, this could be interpreted as going beyond forestry and logging equipment to also apply to other commercial construction equipment, such as that operated by contractors, landscaping companies, among others.

For these reasons, we urge the Committee to vote Ought Not To Pass LD 984.

Thank you for the opportunity to provide comments and share our concerns.

Respectfully submitted,

David LeBlanc, President