

Frederick and Theresa Worth v. American Reliable Insurance Company

Held March 26, 2014 – Docket No. INS-14-2027

Decision Issued: April 2, 2014

The insureds requested a hearing to contest the nonrenewal of their homeowners policy due to losses.

Held: For the insured. The Maine Property Insurance Cancellation Control Act requires the reason accompanying the notice of the intended nonrenewal to be explicit. While the stated reason merely listed four losses, American Reliable argued at hearing that it was the adverse claim frequency and resulting inadequate rates for the exposure that led to the nonrenewal decision. As this reason was not conveyed by the notice of nonrenewal, the company is unable to rely upon it to support nonrenewal. As the reason only notified the insured that the policy was not being renewed due to losses, which is not a permitted reason under section 3051, the nonrenewal action was denied.