



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



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Bulletin 473

Coverage for Towing and Storage Charges

Effective July 1, 2024, legislation enacted last year to amend Maine’s motor vehicle financial responsibility laws will require all policies within the scope of the law to provide coverage in an amount up to \$500 per accident when the policyholder is responsible to pay reasonable towing and storage charges incurred because an insured vehicle is towed after the accident at the request of a law enforcement officer.¹

The law applies to all policies issued or renewed after July 1 that include motor vehicle liability coverage as evidence or proof of financial responsibility, with the exception of policies insuring more than four vehicles and policies covering garages, automobile sales agencies, repair shops, service stations, or public parking places.

The law applies to all policies “executed, delivered, issued for delivery, continued or renewed in this State on or after July 1, 2024.”² The word “continued” is standard language that has been used in a variety of legislation applying changes to insurance policies and contracts on a prospective basis on or after a specified date. L.D. 2073, introduced during the current legislative session, would have stricken that word in order to clarify that the bill does not require insurers with in-force policies to provide additional benefits beyond those specified in the contract. Although L.D. 2073 was not enacted, the Bureau does not interpret this law differently than any of the numerous health insurance mandate laws in the Health Plan Improvement Act that include the same language and apply prospectively. The law’s intent for the towing coverage to be added on renewal rather than on the effective date of the law is reinforced by language providing that if a policy were written for a term longer than a year, “all policies are deemed to be renewed no later than the next yearly anniversary of the contract date.” If the expansion of coverage had not been intended to take effect on the renewal date, such language would not be relevant. Therefore, the Bureau does not interpret the inclusion of the word “continued” to be a requirement that in-force policies must add this coverage mid-term. Insurers are only required to update their forms to provide this coverage for policies newly-issued or renewed on or after July 1, 2024.

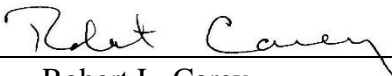
The coverage is mandatory, and is triggered by any accident where the insured vehicle is towed at the request of a law enforcement officer. Because this is not a traditional item of coverage in

¹ [An Act to Require a Liability Automobile Insurance Policy to Cover the Costs of Towing and Storing Certain Vehicles](#), P.L. 2023, ch. 395 (L.D. 1661), *enacting* 29-A M.R.S. § 1605-B and *amending* 29-A M.R.S. §§ 1605(1)(C) & 1861.

² P.L. 2023, ch. 395, § A-4.

automobile policies, it might not fit easily within the framework of existing policies. In particular, it is not a traditional liability coverage because it does not depend on a claim or possible claim for third-party bodily injury or property damage, and it is not a traditional physical damage coverage because it must be provided even if the insured does not purchase collision, comprehensive, or towing coverage. Some carriers have chosen to modify existing Physical Damage language to accommodate this coverage, while others have included it in General Provisions/General Conditions, Additional Coverages, or as a separate Insuring Agreement. The Bureau will work with carriers on language and placement within the policy that will avoid ambiguous or conflicting conditions of coverage.

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Robert L. Carey
Superintendent of Insurance

NOTE: This Bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties, or privileges, nor is it intended to provide legal advice. Readers should consult applicable statutes and rules and contact the Bureau of Insurance if additional information is needed.

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