



Cancellation or Nonrenewal of Personal Automobile and Homeowners Insurance Policies



The Maine Automobile Insurance Cancellation Control Act *and* the Maine Property Insurance Cancellation Control Act were enacted to protect policyholders. These laws control how an insurance company may cancel or nonrenew certain personal automobile, property, and liability insurance policies.

Cancellation is the termination of a policy at some point between its effective date and its expiration date.

Nonrenewal is when an insurer decides that it will not renew the policy for another term after it expires.

Initial Underwriting Period - In the case of an application for a **new policy**, the insurer can cancel within the *initial underwriting period* if a review of your application shows that you do not meet the company's current guidelines. The insurance company must issue a written notice of cancellation to reach you before the policy has been in effect for 60 days for an automobile policy and 90 days for a homeowners or dwelling policy. If the policy covers a seasonal dwelling, the time period is 120 days. After this initial underwriting period has passed, (either 60, 90, or 120 days) an insurer may only **cancel** for a reason listed in the law.

The Maine Automobile Insurance Cancellation Control Act allows nonrenewal of a policy for certain accidents or specific motor vehicle convictions, or for a reason for which the policy could be cancelled.

Reasons permitting cancellation of an auto policy are:

- nonpayment of premium,
- suspension of a driver's license,
- fraud or material misrepresentation, and
- violation of terms and conditions of the policy.

Some of the additional reasons permitting nonrenewal of an auto policy are:

- a driver with three speeding convictions in the prior three years,
- conviction of operating under the influence during the prior three years,

- conviction of operating after the license has been suspended or revoked,
- conviction for leaving the scene of an accident
- One driver with two or more accidents in the prior three years that resulted in bodily injury or property damage in excess of \$2,000 each accident - or - if the total number of such accidents of all drivers (if no one driver has two) exceeds the number of vehicles that are insured in the household by the same insurer. Accidents in which your vehicle was hit from the rear or while parked do not count, nor do accidents in which the driver of another vehicle was convicted of contributing to the accident. Those accidents for which you have been reimbursed by or have a judgment against a person who is responsible for the accident also do not count.

The Maine Property Insurance Cancellation Control Act states that the reason for *nonrenewal* of property insurance must be a good faith reason related to the insurability of the property, or an allowed reason for cancellation.

Reasons permitting cancellation of a property policy include:

- nonpayment of premium,
- fraud or material misrepresentation,
- vacancy of property without custodial care,
- physical changes in the property that make it uninsurable,
- a loss caused by a dog bite, unless the insured removes the dog,
- failure to remove a trampoline, properly fence a swimming pool, or comply with other loss control recommendations after the insurer has asked you to do so.

In the case of *nonrenewal* of a policy, the insurance company must give you notice at least 30 days before the expiration date that the company does not intend to renew your policy.

For a policy *cancellation*, the insurance company must notify you at least 20 days before the date of cancellation, *except* if the cancellation is for nonpayment of premium, then only 10 days' notice is required.

The notice period begins the day after you receive the notice or when it is deemed by law to have been received.

A **cancellation** notice is deemed received on the **fifth** calendar day after it was mailed by the insurer.

A **nonrenewal** notice is deemed received on the **third** calendar day after it was mailed by the insurer.

How to appeal the cancellation or nonrenewal of your policy

If you want to **appeal** the cancellation or nonrenewal of a policy covered under one of these cancellation laws, you may call the Bureau of Insurance or send a written request to us by mail or by fax.

To request a hearing in writing:

***Superintendent of Insurance
Bureau of Insurance
34 State House Station
Augusta ME 04333***

Our fax number is (207) 624-8599. Or call (207) 624-8475 or (800) 300-5000 toll-free to make a request by telephone. The e-mail address is PFR.PCHearings@maine.gov

You must provide a copy of the notice of cancellation or nonrenewal you received before a hearing can be scheduled. You **must** request a hearing within 30 days of your receipt of the insurance company's notice.

NOTE:

The Cancellation Control Acts **do not** give you the right to a hearing if you receive the notice of cancellation during the initial underwriting period (either 60, 90, or 120 days depending upon the type of policy involved.)

Also, if the company renews your policy, but you fail to pay the premium by the date required to accept the renewal, you are considered to have refused the offer of renewal. The policy will then end on the renewal date. The insurer is not required to issue a cancellation notice for this circumstance.

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Visit the Bureau's Website at:
www.maine.gov/pfr/insurance

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