

Bulletin 143

Roll-on coverages

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The Maine Bureau of Insurance continues to be concerned that some agents and/or insurers may be engaged in the practice of automatically adding optional insurance benefits or coverages to their clients' policies without obtaining the prior consent or approval of the policyholders. This procedure is often referred to as "rolling-on" coverage.

The Bureau of Insurance deems "roll-on" coverage to be a deceptive and unfair trade practice in violation of Title 24-A M.R.S.A. Chapter 23. Appropriate enforcement action will be taken against any licensee who engages in this practice.

The following are not considered "roll-ons" by the Bureau:

1. Inflation guard or similar contractual coverages that have been pre-sold and contemplate periodic stated increases in benefits. This can include agreements acknowledged by a policyholder to provide increases on a prearranged schedule.
2. Increases in benefits implemented by an agent who has been pre-authorized by a policyholder to amend the policy as he or she determines is necessary for adequate protection of the insured.
3. Any changes mandated by statute.
4. Benefit liberalizations for which no additional premium is charged.

Agents and insurers should continue to evaluate a policyholder's requirements in light of such factors as inflation, new coverages becoming available and changes in the insured's circumstances. Except as stated above, proposed changes in coverage shall not be effectuated without the prior approval of the insured.

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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 are encouraged to consult applicable statutes and regulations and to contact the Bureau of Insurance if additional information is needed.