

## **Bulletin 324**

### **Treatment of Returning Armed Services Personnel**

The Maine Bureau of Insurance is issuing this bulletin to insurers authorized to write personal automobile and homeowners insurance in this State. The Bureau is requesting that insurers not deny reinstatement, refuse to write, or raise the premium rates for members of the Armed Forces who are returning from active service and who discontinued their automobile or homeowners insurance coverage while in active military service overseas.

#### **Interruption in Coverage**

Underwriting and rating standards often take into consideration whether the insurance applicant has had continuous insurance coverage. The Bureau's position is that rating rules that take into consideration whether there was prior insured coverage also take into consideration whether coverage was legally required. It is the Bureau's view that in cases of armed services personnel returning from activity duty overseas, these underwriting and rating standards and guidelines that require continuous coverage are inappropriate and should be waived.

The purpose of this bulletin is to request that, for returning members of our Armed Forces, companies waive such underwriting or rating requirements. These servicemen and women, who have served our country, often at great personal risk, should not be penalized for their service.

Accordingly, if a member of the Armed Forces was a policyholder in good standing at the time of leaving for active duty and can show that such active service was the reason for the lapse in coverage, the Bureau requests that companies reinstate the policy as if coverage were continuous. In addition, the Bureau requests that companies afford similar consideration to returning members of the Armed Forces who are new insurance applicants to the companies. If an applicant was in good standing with another insurance carrier prior to leaving for active duty and such active service was the reason for the loss in continuity of coverage, the company should treat the applicant as having had continuous insurance coverage throughout their term of active duty.

#### **Premium Credits**

The Bureau also requests that insurers provide a full credit or pro rata premium refund (rather than a short rate penalty) for the period of suspension or removal of coverage and reinstate full coverage without penalty when the policyholder returns from active duty.

#### **Nonrenewal of Policies**

Finally, the Bureau requests that insurers refrain from non-renewing policies of insureds in active duty status who keep premium payments current. While Maine law allows an insurer to nonrenew the policy of any policyholder for certain reasons specified in law, even when the premium payments are current, nothing prohibits insurers from voluntarily continuing the policies. Insureds are provided an opportunity to request a hearing before the Superintendent to contest a proposed nonrenewal. That opportunity is lost when the policyholder is on active duty resulting in a loss of coverage based on nonrenewal grounds. It may be difficult for military personnel returning from a deployment to obtain comparable replacement coverage at comparable rates should their policies be nonrenewed during their absence.

In the spirit of support for our deployed military personnel, the Maine Bureau of Insurance strongly encourages insurers to implement the above suggestions, and in any event, to do whatever is within their power to ensure that deployed policyholders are not penalized in any manner.

July 1, 2004 Alessandro A. Iuppa  
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 are encouraged to

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