

# The Availability of Insurance in the Maine Property & Casualty Market

Prepared by the Maine Bureau of Insurance

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## Executive Summary

This report is prepared in accordance with 24-A M.R.S. § 2325 A(5), which requires the Superintendent of Insurance to report each year to the joint standing committee having jurisdiction over insurance as to whether there is, or may be, a lack of availability in any line of insurance. The data in this report is primarily from company annual statements filed in 2025 that report data as of December 31, 2024 and from reports produced by the National Association of Insurance Commissioners (NAIC).

Property and casualty coverage is widely available in Maine in the admitted market,<sup>1</sup> with a small percentage of coverage available in the surplus lines market.<sup>2</sup> The market for personal property and casualty insurance was stable and competitive. Consumers who have specific exposure issues (e.g., island communities) or certain claims history tend to experience the greatest difficulty finding affordable homeowners and auto insurance.

The personal automobile and homeowners markets in Maine are highly competitive and among the lowest cost in the nation. In 2024, there were 99 insurance companies actively writing homeowners insurance, and Maine's average premiums were among the lowest in the nation. For personal auto insurance, there were over 100 companies actively writing coverage. In 2023 (the most recent year in which state-level data is available), auto insurance premiums in Maine were the lowest in the country.

For commercial property and casualty risks, the insurance market is relatively healthy, with a wide variety of products and insurers offering coverage. Some specific types of businesses, however, have recently experienced limited insurance options and higher premiums due to the type of risk and potential exposure. For example, some condominium associations, childcare facilities, and other niche commercial lines have found fewer options and higher premiums in the marketplace.

## Homeowners Insurance

According to the NAIC, Maine had the 10<sup>th</sup> lowest average homeowners insurance premiums in 2022, the most recent year for which state-level data is available.<sup>3</sup> Maine has held the 9<sup>th</sup>, 10<sup>th</sup>, or 11<sup>th</sup> position for lowest homeowners premiums across the country since 2009. Maine has had the lowest average premiums in New England for several years. Although homeowners with certain risks may have a hard time obtaining affordable coverage, overall, Maine's homeowner insurance rates remain among the most affordable in the country.

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<sup>1</sup> Admitted insurance is sold by a company that has been licensed by the state in which the policy is purchased. The Bureau of Insurance authorizes admitted insurers to write specific lines of business, such as life, health, homeowners, liability, and workers' compensation.

<sup>2</sup> "Surplus lines" refers to specialized property or liability coverage provided by a non-admitted insurer in instances where, due to unacceptable risk, it is not available from insurers licensed by the state. The Bureau determines the eligibility of non-admitted insurers to write in the surplus market, subject to solvency requirements and satisfactory claims-handling practices. With limited exception, Maine law provides that property and casualty insurance coverage can be written in the surplus lines market only if an admitted market does not exist for the risk. See 24-A M.R.S. § 2004.

<sup>3</sup> From NAIC's May 2025 report: "Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report: Data for 2022" <https://content.naic.org/sites/default/files/publication-hmr-zu-homeowners-report.pdf>

More recent rate increases are due, in part, to more severe and frequent storms and natural disasters. Maine Emergency Management Agency (MEMA) reported that in 2023, there were five disaster declarations and one emergency declaration in Maine, and that in 2024 there were three disaster declarations. To date, there have been no declared disasters in Maine in 2025.<sup>4</sup> Between 1970 and today, the state averaged one disaster declaration per year.<sup>5</sup>

Homeowners insurance rates are also affected by the broader economy, which has experienced increases in the cost of labor and materials. The Associated Builders and Contractors reports that as of July 2025, construction input prices (which include materials and labor) have increased 42.7% since February 2020.<sup>6</sup>

Maine's homeowners insurance market continues to be competitive, with the number of active companies and market distribution remaining steady. In 2024, based on data from insurance company annual statements, 99 insurance companies were actively writing this coverage. The top 10 companies wrote 50% of the market, and the leading carrier had a 12% market share.

Homeowners coverage is generally provided on either a replacement cost or an actual cash value basis. Through replacement cost coverage, many insurers continue to focus on efforts to assure that a property's coverage amount is 100% of its replacement cost. This coverage encourages policyholders to match their property coverage with the cost to rebuild their homes and usually comes with an annual inflation adjustment. Replacement cost coverage allows for full replacement or rebuilding with similar type and quality of materials, provided the insurance-to-value requirements are met, without deduction for depreciation, up to the policy limit.

Actual cash value (ACV) coverage, defined by statute as replacement cost less physical depreciation, is another option available to policyholders.<sup>7</sup> It can be a more affordable option for those whose homes<sup>8</sup> would be costly to insure to full replacement value. The limits provided for personal property, detached garages, and outbuildings are commonly written as a percentage of the limit on the principal dwelling itself.

Insurers continue to take steps to reduce policy exposure to some types of loss, which can also reduce premiums. For example, some insurers offer separate deductible options for windstorm, water, and hail damages. Other insurers have amended deductibles from a flat amount, such as \$500 or \$1,000 for each loss, to a percentage<sup>9</sup> of the amount of insurance on the home for all losses, or for losses resulting from certain named perils, such as windstorm or hail. While this type of deductible increases the policyholder's financial contribution if a loss occurs, it also helps lower the premium.

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<sup>4</sup> Maine Emergency Management Agency: "Declared Disasters - List of Open Disasters" <https://www.maine.gov/mema/grants/pa/declared-disasters>

<sup>5</sup> Office of Governor Janet T. Mills: "September is Emergency Preparedness Month" [https://www.maine.gov/governor/mills/news/radio\\_address/september-preparedness-month-2025-09-05](https://www.maine.gov/governor/mills/news/radio_address/september-preparedness-month-2025-09-05)

<sup>6</sup> Associated Builders and Contractors: "ABC: Construction Materials Prices Jump 0.4% in July" <https://www.abc.org/News-Media/News-Releases/abc-construction-materials-prices-jump-04-in-july>

<sup>7</sup> 24-A M.R.S. § 3004-A

<sup>8</sup> Standard homeowners policies provide personal property (contents) coverage (for furniture, appliances, clothing, and other belongings) on an actual cash value basis, with replacement cost coverage available for an additional charge.

<sup>9</sup> For example, a 1% deductible on a \$175,000 limit policy would result in a deductible of \$1,750 for each loss.

Relatively low deductibles of \$250 or \$500 are still available with some insurers, but for a higher premium.

Additionally, Maine homeowners are not immune from the impact of disasters in other parts of the country and the world. Property insurers, like most insurance companies, purchase reinsurance to limit their financial exposure in the event of catastrophes. As floods, wildfires, hurricanes, hailstorms, and other climate-related disasters occur more frequently and with greater intensity, the cost of reinsurance has climbed, thereby increasing insurance rates.

Due to the increased frequency and severity of storms, the affordability of property insurance for coastal and island properties can be problematic for some homeowners. Windstorm damage is a major concern for such properties, and new coastal property applicants may have some difficulty finding coverage in the admitted market.

To help these homeowners obtain more affordable coverage, the Bureau adopted a rule ten years ago that permits insurers to apply a hurricane deductible under certain conditions. This regulation<sup>10</sup> allows insurers to apply a higher deductible for named hurricanes, while also protecting policyholders by limiting applicability to the time period during which the location is actively under a hurricane warning from the National Weather Service. The application of the hurricane deductible ends 24 hours after the last warning expires for that forecast area. The rule also requires notification to the policyholder when the policy is issued that a hurricane deductible applies to the coverage.

New applicants also continue to have trouble obtaining coverage for the following types of risks:

- Homes with prior claims;
- Older mobile homes or manufactured homes;
- Properties that are not well-maintained;
- Homes with businesses on the premises;
- Applicants with certain breeds of dogs or dogs with a bite history;
- Homes that are vacant or unoccupied;
- Homes that have been uninsured for a period of time; and
- Homes with a woodstove or heat pump as the primary source of heat. (Underwriting guidelines may allow a heat pump or woodstove as a supplemental heat source but will usually require a homeowner to have a central heating system.)

The surplus lines market has provided coverage for many of these types of exposures, but accounts for less than 1% of Maine homeowners written premiums in 2024.

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<sup>10</sup> Maine Bureau of Insurance Rule Chapter 950 – Hurricane Deductibles (<https://www.maine.gov/sos/rulemaking/agency-rules/departments-professional-and-financial-regulation-rules#031>)

## Personal Automobile Insurance

The personal auto insurance market in Maine continues to offer consumers low rates relative to the rest of the country and a wide choice of insurers. Based on data from NAIC,<sup>11</sup> Maine maintained its position as the state with the lowest personal auto premiums in 2023, the most recent year for which state-level data is available. Maine has held this top ranking since 2017.

While rates are relatively low in Maine, the cost of auto insurance is on the rise. Cars and trucks are becoming more expensive and more heavily computerized. Consequently, they are more expensive to repair and replace. The rising costs of parts, labor, and computer chips are all factors driving up the cost of auto insurance.

Maine's personal automobile insurance market remained competitive, with a steady number of active companies and market distribution. In 2024, based on data from insurance company annual statements, 103 insurance companies were actively writing coverage. The top 10 companies wrote 63% of the market, and the leading carrier had close to a 16% market share.

Maine had the lowest percentage of uninsured drivers in the country at 5.7%, according to a February 2025 report from the Insurance Research Council, based on 2023 data. The U.S. average uninsured driver rate was 15.4%. States with a higher percentage of insured drivers tend to have lower auto insurance rates.

While auto insurance rates are relatively low, Maine's financial responsibility coverage requirements for personal auto insurance are among the highest in the country. Maine requires motorists to maintain liability coverage of at least \$50,000 per person and \$100,000 per accident for bodily injury liability (BI) plus \$25,000 for property damage liability, or a \$125,000 single limit.

Uninsured/underinsured motorist coverage must match the BI limits of a policy unless the insured signs off for lesser coverage that may not be less than the minimum mandatory limit for BI (\$50,000/\$100,000). Medical payments coverage of at least \$2,000 for one year is required.

Towing and storage coverage of \$500 is mandatory and applies if the insured vehicle is towed at the request of law enforcement as a result of an accident. The towing and storage mandate became effective on July 1, 2024<sup>12</sup> and is now in effect for all policyholders.

## Commercial Insurance

Maine's commercial insurance market is competitive for most lines of coverage, although some types of businesses and risks are finding it increasingly challenging to obtain affordable coverage. Across some commercial lines there are fewer insurers willing to write coverage.

Some condominium associations have seen double-digit increases in property insurance rates due in part to the potential for large claims that can occur when uninhabited units experience water damage

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<sup>11</sup> From NAIC's June 2025 report: "2023 Auto Insurance Database Average Premium Supplement" [https://content.naic.org/sites/default/files/aut-db\\_1.pdf](https://content.naic.org/sites/default/files/aut-db_1.pdf)

<sup>12</sup> 29-A M.R.S. §§ 1605, 1605-A, 1605-B and 24-A M.R.S. § 2902

that can go unreported for days, resulting in damage to adjacent units. Maine and other northern states with harsher winters are particularly affected.

Childcare providers saw their liability insurance premiums increase when the state eliminated the statute of limitations in 2021 on claims involving sexual acts towards minors.<sup>13</sup> The potential for large damage awards has led insurers to reduce their exposure in this market segment nationwide.

Insurers writing coverage in the commercial market can non-renew a policy for any reason, unlike the personal auto and homeowners markets which are subject to the Automobile Insurance Cancellation Control Act and the Maine Property Insurance Cancellation Control Act, which place limits on the ability of insurers to cancel or non-renew a personal insurance policy.<sup>14</sup>

The medical malpractice market in Maine is highly concentrated, with 85% of coverage provided by Medical Mutual of Maine. Medical Mutual's most recent rate filings, effective January 1, 2024, reflected a -3.1% decrease for physicians and surgeons and a 10% increase for hospital liability. Medical Mutual also submits Consent to Rate filings to the Bureau for specific risks that require higher rates based on adverse loss experience for some hospitals or medical practices. Some physicians and many facilities, especially nursing homes, continue to depend upon the surplus lines market, paying higher premiums for less coverage. Surplus lines accounted for 16% of the medical malpractice market in 2024.

## Surplus Lines Market

In 2024, the most recent year for which data is available, surplus lines premiums represented only 5.2% of the Maine insurance market.<sup>15</sup> As of September 2025, 253 companies are eligible as surplus lines insurers.

Coverage in surplus lines is often more expensive, does not provide the same level of consumer protections,<sup>16</sup> and covers fewer perils than insurance obtained in the admitted market. The surplus lines market does, however, serve an important backstop in Maine's insurance market by providing coverage that would otherwise not be available. In 2024, some commercial risks, including excess workers' compensation, property, liability, wet marine, and surety bonds found coverage in the surplus market.

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<sup>13</sup> 14 M.R.S. §752-C

<sup>14</sup> 24-A M.R.S. §§2908, 3007, 2914, 2916-A,3049, 3051

<sup>15</sup> 2024 surplus lines premium information includes a breakdown by foreign and domestic insurers only. State-specific premium data for alien insurers (i.e., insurance companies formed outside of the United States) is not tracked by the NAIC.

<sup>16</sup> Admitted insurers are subject to form and, in most cases, rate regulation by the Bureau, and their claims payment obligations are backed by the Maine Insurance Guaranty Fund, which protects policyholders in the event of insolvency of an insurance company. Policies written through surplus lines do not have these protections.