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

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Bulletin 489

Termination of Agency Relationships and Maine's Cancellation Control Acts

It has come to the Bureau's attention that some Maine consumers have recently had their homeowners, renters, or personal auto policies nonrenewed solely because the insurer's agency relationship with a producer has terminated. This is not a lawful basis for nonrenewal.

Insurers are reminded that in Maine, these lines of business are subject to Cancellation Control Acts that grant policyholders the right to renew their policies unless the insurer can demonstrate a valid reason for nonrenewal. The only permissible reasons for nonrenewal are those specified in the Maine Automobile Insurance Cancellation Control Act[1] or the Maine Property Cancellation Control Act,[2] as applicable. For all policies that are subject to either Control Act, the reason or reasons for nonrenewal action must be explicitly stated in the notice of nonrenewal. Vague explanations such as "underwriting reasons" are insufficient.[3]

Producers who no longer represent a particular insurer are free to offer policyholders alternative coverage with a different insurer, but that does not extinguish the policyholders' right to renew the coverage they have. The rights of policyholders and the obligations of insurers and producers in these situations are discussed in detail in Bulletin 391, Personal Lines Agency Terminations and Book Rollovers, which insurers and producers are encouraged to review prior to the termination of an agency relationship.

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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.

[1] 24-A M.R.S. Chapter 39, Subchapter 2 (§§ 2911–2924). The precise scope of the Act is described at 24-A M.R.S. § 2913
[2] 24-A M.R.S. Chapter 41, Subchapter 5 (§§ 3048–3061). The precise scope of the Act is described at 24-A M.R.S. § 3048
[3] See 24-A M.R.S. §§ 2917; 3051