

# MAINE STATE LEGISLATURE

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JOHN ELIAS BALDACCI  
GOVERNOR

STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL  
AND FINANCIAL REGULATION  
BUREAU OF INSURANCE  
34 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0034

ALESSANDRO A. IUPPA  
SUPERINTENDENT

January 26, 2004

Senator Lloyd LaFountain  
Senate Chair  
Joint Standing Committee on  
Insurance and Financial Services  
State House, Room 427  
Augusta, ME 04333

Representative Christopher O'Neil  
House Chair  
Joint Standing Committee on  
Insurance and Financial Services  
State House, Room 427  
Augusta, Maine 04333

RE: Insurance Availability

Dear Senator LaFountain and Representative O'Neil:

Pursuant to 24-A MRSA § 2325-A (5), please accept this letter as the Superintendent's report on the availability of insurance in the marketplace.

On May 27<sup>th</sup> 2003, the Governor signed into law Public Law 2003, c. 310 requiring me to prepare a more comprehensive report that assesses market conditions for property and casualty insurance in the State. You now have that report before you for consideration. Although the emphasis of the report was on homeowners insurance and commercial insurance coverages for small businesses, the producers surveyed identified several risks as being difficult to place.

In particular, producers identified the following risks as presenting the most challenge: commercial policies covering apartment buildings; certain homeowners risks; island and coastal property; and commercial policies covering general contractors or new business ventures. With regard to homeowners risks, those with a history of claims; properties that have not been well maintained or are in need of major repairs; properties located more than 5 miles from the nearest fire protection; properties housing certain dog breeds; and properties with trampolines presented particular problems in obtaining coverage.

In addition, to a lesser extent, producers had difficulty placing coverage on the following types of risks: restaurants with dry Ansel systems; roofing contractors; used-car dealerships; liability coverage for some professions; mobile homes over 10 years of age; seasonal homes rented to others; small farming exposures; snowmobile dealers; motorcycle dealers; nursing homes and medical malpractice; recreational businesses; trucking businesses; and daycares. Also, umbrella policies with high limits of liability as well as umbrella policies for certain types of risks were cited by some producers.



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Senator LaFountain and Representative O'Neil  
January 26, 2004  
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Historically, the market tends to self correct over time, and after a period of extensive re-underwriting and evaluating market position and profitability, insurers gradually make coverage more available. Various publications have identified a gradual return to profitability for the property and casualty industry as a whole after a period of underwriting restrictions and premium increases.

Nevertheless, the market bears watching and toward that end, I am planning to increase this agency's consumer outreach effort over the coming year. To the extent that consumers are receptive to that process, I expect to be able to better identify issues as they arise.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Alessandro', followed by a long horizontal flourish.

Alessandro A. Iuppa  
Superintendent