

# MAINE STATE LEGISLATURE

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MAINE DEPARTMENT OF  
**Professional  
& Financial  
Regulation**

**A Report to the Joint Standing Committee on  
Insurance and Financial Services of the  
121<sup>st</sup> Maine Legislature**

**Market Conditions and Trends  
For Property and Casualty Insurance in Maine**

**Submitted by the Bureau of Insurance,  
Department of Professional and Financial Regulation**

January 5, 2004

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## Executive Summary

On May 27<sup>th</sup> 2003, the Governor signed into law Public Law 310 requiring the Superintendent of Insurance to prepare a report that assesses market conditions for property and casualty insurance in the State of Maine. The report is to place emphasis on homeowners insurance and commercial insurance coverages for small businesses.

Accordingly, the Superintendent has analyzed the market conditions for property and casualty insurance in Maine covering the past three and one half years. This report is the result of that review. In preparing the report, the Superintendent sought input from policyholders, the public, independent insurance producers, insurers, and insurance regulators in other New England states. A review of relevant literature was also undertaken with specific information obtained from A.M. Best Aggregate and Averages, Conning Research & Consulting, Inc., and the National Association of Insurance Commissioners.

Additionally, the Bureau of Insurance (the “Bureau”) reviewed the financial condition and the operating results of property and casualty carriers in the United States and the general economic factors affecting them.

The Bureau collected market condition data through a series of surveys directed towards the public, producers, and insurers. Strategic Marketing Services of Portland was engaged by the Bureau to conduct a statewide consumer survey of 400 individuals and 100 small businesses. In an effort to gather additional policyholder experience the Superintendent and Bureau staff conducted public meetings in Ellsworth, Presque Isle, Gardiner, and South Portland. The Bureau has also been closely following events throughout the United States with specific attention on homeowners insurance.

All sources of information reviewed by the Bureau identified homeowners and apartment owners insurance as difficult to obtain in the marketplace. Insurance producers identified general contractors who subcontract 50% or more of their work as a difficult risk classification to insure. Other small commercial businesses and not-for-profit entities had also experienced price increases and maintenance directives at policy renewal. Overall, policyholders expressed confusion and frustration with the quick pace of the insurance industry’s changes to underwriting rules and standards.

### **Homeowners Insurance**

Homeowners insurance policies protect against a specific number of perils. Perils are events that cause damage to property. Three examples are: fire, windstorm, and theft. In addition to coverage for named perils, each package policy usually contains four additional types of coverage: property damage, additional living expenses, personal liability, and medical payments. Homeowners insurance policies apply to most owner-occupied single family homes and are changed slightly for residents of apartments and condominiums. All sources indicated that the Maine homeowners market was characterized by generally stricter underwriting criteria, premium increases and insurer-imposed increases to property valuations. “Protection class 10”

(properties located more than five miles from a fire station) and coastal properties were particularly affected.

### ***Underwriting Changes***

During the review period leading insurers implemented changes to underwriting criteria for homeowners insurance including but not limited to the following:

- Enhanced standards for maintenance and upgrades
- Elimination of low deductibles (co-insurance)
- Exclusions for home businesses
- Exclusion for breeds of dogs
- Company initiated property value increases

### ***Policy Pricing and Market Share***

Between 2000 and 2003 stricter underwriting rules were adopted and strictly followed by company underwriters. Policyholders were faced with requirements to repair property deficiencies or face nonrenewal of their policies. Average premium per policy increased 30% during that time while there was a 6% decline in the number of insured properties. The increase in average premium is only partially attributable to rate increases as increased amounts of coverage are also a factor. The market leader, York Insurance Company, reported an average per policy price increase of 64% and a 38% decline in policy count. At the public meetings some policyholders reported price increases of up to 300% over the amount paid in 2000. In response to these price increases, policyholders have sought alternative insurance options.

### ***Property Valuation***

Many policyholders noted an emphasis by insurers on increased replacement cost valuation. Insurers base a significant portion of the premium on the best estimate of the replacement cost of the property. Replacement cost is the amount necessary to restore the property to its original condition with materials and construction methods used in the original construction of the property. This valuation procedure can result in older properties being valued at prices higher than market prices.

An alternative to replacement-cost coverage is functional replacement cost coverage, which allows for repair or replacement using less expensive construction materials and methods that are the functional equivalent of the obsolete, antique, or custom construction materials and methods used in the original construction. This coverage is available in Maine under Insurance Services Office (ISO) endorsement form HO 05 30 although it did not seem to be broadly available from the carriers.

### ***Protection Class 10 Properties***

Protection class 10 properties were identified as among those difficult to place for coverage. Protection class 10 properties are those located more than five miles from a fire station. Many homes in Maine fall into this classification. Insurers also consider in the underwriting process whether the property is visible to neighbors, has year round access, and if an alternative water source is available.

### ***Coastal & Island Properties***

Coastal and island property owners are experiencing greater difficulty obtaining or maintaining homeowners insurance coverage because insurers have established and are strictly enforcing underwriting rules for such properties. Among the risks identified as unacceptable by insurers were:

- Properties located within 1000 feet of the water at high tide
- Properties located less than 25 feet above the high-water line
- Properties exposed to the ocean and not protected by a retaining or sea wall
- Properties not protected from wind by other buildings, tree line, or other means.

Coastal and island properties also appear to be subjected to more stringent maintenance criteria than other properties.

### **Commercial Property and Liability Insurance**

The Bureau's review also focused on the commercial property and liability insurance market particularly as it affects small business. Property insurance for apartment buildings and general contractor's liability insurance were identified as particularly difficult coverages to obtain in the market.

#### ***Apartment House Insurance***

Apartment house insurance coverage was identified as one of the most difficult types of business for which to secure insurance coverage. Although insurers did not articulate specific reasons why they did not write this coverage they implied a reluctance to do so because of poor claims experience and financial results.

At the statewide public meetings policyholders indicated that insurance companies had mandated extensive maintenance and upgrades be made to their buildings in order for policies to be renewed. Policyholders also identified older buildings, subsidized housing facilities, and seasonal apartment rentals as properties for which obtaining insurance was problematic. Joyce Ach of the Maine State Housing Authority and Carlton Winslow, President of Apartment Owners Association, which represents 2200 members, confirmed the lack of adequate apartment house insurance.

#### ***General Contractors Insurance***

General contractors insurance provides protection against legal liability arising from the performance of their work. In the event of an on the job injury, a contractor may be held liable for the negligent acts of a subcontractor hired to perform work. The difficulty of obtaining or maintaining general contractors' insurance coverage is directly related to the amount of work the contractor subcontracts. On a scale of 1 to 5, with 5 being the most difficult, producers rated the degree of difficulty in obtaining coverage for a contractor who subcontracts 75% of their work at 4.4 compared to 2.4 for those contractors who subcontract little or none of their work. It also appears that for general contractors, insurance companies tend to favor contractors whose workers have three or more years of experience, as well as artisans and skilled workers to general laborers. Premium comparisons for commercial business are difficult, but based on

insurance company responses, the premium increase for general contractors who subcontract 75% of the work is estimated to be four times the amount reported for those contractors who subcontract little or no work.

### ***Other Commercial Insurance***

Some participants at the public meetings also raised the issue of increased cost and lack of availability for small businesses and nonprofit entities. Among the businesses represented were a marina and an emergency medical service company. Representatives of snowmobile clubs also indicated a general unwillingness by companies to provide liability coverage.

### **Other Relevant Topics**

#### ***Maine Case Law***

The Bureau reviewed leading Maine decisions in the areas of property and casualty insurance and tort law that have been rendered since 2000. While there is a Court decision, *Warren Elliot v. Hanover Insurance Company*, 711 A.2d 1310, 1998 ME 113, that insurers view as increasing their duty to defend insureds and sometimes provide as a reason for policy nonrenewal, the Bureau otherwise did not discern any overall trends arising from these cases that have adversely affected the market for homeowners and general liability insurance coverages.

The Bureau also reviewed appeals from hearings held under the Maine Property Insurance Cancellation Control Act. One currently pending appeal to the Law Court stands out as presenting a potential threat to the efficacy of hearings held under that Act.

In Maine Superior Court, Civil Action, Docket No. AP-02-59 & AP-02-65, York Insurance Company of Maine (“York”) appealed the Findings and Decision of the Superintendent of the Bureau of Insurance in two separate hearings. York appealed the Superintendent’s findings that the company had not met its burden of establishing adequate grounds for nonrenewal of two homeowners’ insurance policies. Both instances involved the operation of a daycare business on the homeowners’ premises. Despite the fact that the homeowners in each case had obtained separate insurance policies to cover claims related to the daycare business, York asserted that the presence of a business increased its liability exposure with regard to its obligation to defend.

In reversing the decisions of the Superintendent, the court determined that “(i)t is not the province of the Superintendent of the Bureau of Insurance, through the Hearing Officer, to determine the level of acceptable risks for an insurance company. The only determination necessary was whether York met its burden for issuing a nonrenewal notice...The evaluation of such risks is the primary responsibility of the underwriters for York Insurance, not the Superintendent of Insurance.” The Bureau of Insurance has appealed this decision to the Law Court.

If the decision stands that the Superintendent cannot intervene in determining the level of acceptable risks for an insurance company, and that evaluation of such risks is the primary responsibility of the company, then some of the existing consumer protections may be effectively diminished and the Superintendent’s responsibility for solvency regulation could also be

impugned when reviewing a company's risk profile. (For further information on Maine case law related to homeowners insurance see Appendix A.)

The Bureau reviewed Maine legislation affecting tort law generally and property and liability insurance. Although there have been several bills that would relate to specific issues, the Bureau did not discern any enactments to which a significant effect on the Maine property and casualty insurance market during the review period could be attributed.

### ***Fair Access Insurance Requirements Plans (FAIR Plans)***

In light of the pending legislation regarding FAIR Plans (LD 1601) the Bureau reviewed materials prepared by the Property Insurance Plan Services Office Inc. (PIPSO). PIPSO is a not for profit corporation established in 1995. Their stated purpose is to promote the efficient and economical operation of the state residual property insurance plans by encouraging research, exchange of information, and by collecting and disseminating statistics related to the operation of the plans.

FAIR plans serve as the residual market vehicle by providing basic property insurance to property owners who are otherwise unable to obtain insurance from admitted (licensed) carriers because of the location of their property or for any other reason. In jurisdictions with FAIR plans membership is mandatory for all licensed property insurers; members are assessed for losses in proportion to their share of the voluntary market. Some plans use servicing carrier(s) to underwrite, issue, and service policies on behalf of the plan members.

At present there are 33 plans operating in 33 states. Twenty seven (27) states have a FAIR Plan, 4 states have a beach or wind storm plan and two states have both types. During the time period 1998 through 2002 the market share of the plans ranged from 1.58% to 2.33% with an average market share of 1.97% for the five year period. The financial results varied among the plans. During 2002 fifty-five percent (55%) of the FAIR plans (the habitational\* portion only) had combined ratios (losses + expenses) in excess of 100% and, for the entire period of 1998 through 2002, in aggregate, sixty-five percent (65%) of the plans were unprofitable. However, when considering habitational and commercial coverages taken as a whole, FAIR plans were profitable for 3 of the 5 years. Results varied considerably by state, for instance Connecticut was unprofitable for each year while Kansas reported a profit in each of the five years.

\* According to Commercial Property and Multiple Lines Underwriting by E.P. Hollingsworth and J.J. Launie (1984) apartments, hotels, motels and nursing homes are included in the habitational category and that "Habitational occupancies include the whole gamut of common hazards, with the addition of certain special hazards which are the result of the occupancy." It cites supervising activities of tenants, converted buildings with older wiring, heating and trash disposal systems, financial stability of the owner.... among those hazards..



### ***Possible Responses to Problems Identified in Homeowners Insurance***

In compiling the information for this report the Bureau sought to provide a balanced perspective on the Maine market conditions for property and casualty insurance. In doing so a variety of issues were identified as well as possible responses to those issues. The list below is not intended to endorse any of the proposed responses, but rather to provide a framework for discussion by the Legislature in their consideration of possible measures to address property and casualty insurance market place issues.

- Allow the market to self balance.
- Prohibit nonrenewals based solely on valid claims from prior 2 years unless the insurer can demonstrate multiple losses of the same nature during the 2 year period.
- Prohibit nonrenewals based on prior claims incurred by the previous owner if the necessary repairs have been completed.
- Permit exclusions on coverage until property has been repaired (example – roof repair).
- Allow surcharges for certain losses but exclude weather-related or catastrophic losses over which the insured has no control.
- Reinstatement by the prior insurer if stated reason for nonrenewal is repaired and insured has been without coverage or had to obtain coverage in the surplus lines market.
- Prohibit nonrenewals in cases which the insured can demonstrate good faith intent to complete the necessary repairs in a reasonable timeframe (example – contract with roofing contractor or having financing in place).
- Prohibit refusal to insure based solely on the age of the dwelling.
- Nonrenewal notices should provide more detailed information to policyholders especially in regard to property repairs.
- Encourage functional replacement property coverage on older dwellings or dwellings with replacement cost well in excess of market value.
- Insurers should consider the creation of a formal internal process for policyholders to appeal increased insurer property valuations.
- Require 4 months notice for nonrenewal where the reason for nonrenewal is that repairs to the property are necessary to maintain the insurability of the property. The 4 month notice period will allow time for repairs to be made.
- Underwriting inspections should be done by qualified personnel.
- Dog breed criteria for non issuance or nonrenewal should be based on the animal's manifested behavior rather than solely on the breed.
- Consider the establishment of a Market Assistance Plan (MAP).
- Consider the establishment of a Fair Access Insurance Requirements plan (FAIR Plan).
- Clarify insurer's "duty to defend" responsibility under Maine law.
- Encourage the offer of higher deductible options in lieu of a nonrenewal.

## Producer Survey

Independent insurance producers are a primary distribution network for property and casualty insurance business in Maine. In an effort to obtain their perspective on the availability and affordability of property and casualty insurance the Bureau prepared a survey instrument designed to identify the types of insurance business written by each office and further identify the specific insurance coverage(s) where they perceived affordability or availability to be an issue. (See Appendix B for the survey)

The Maine Independent Agents Association provided a list of their members which was used to identify the 30 largest independent producers in Maine. Their respective locations were reviewed to ensure that the entire State population was reflected in the survey. In addition 2 surplus line producers were contacted to gather information on changes in their marketplace. The Bureau did not survey any captive producers since their response would likely mirror the company responses in the company survey. Producers were asked to respond to the survey based on their working knowledge of the Maine marketplace.

The distribution of written premium for the relevant lines of insurance as reported by the producers reasonably matched Maine's population distribution as indicated in the 2001 Supplementary Survey by the US Census Bureau. (See Table 1)

Table 1 – Premium Distribution

	<i>Producer Premium</i>	<i>Population Distribution</i>
<i>I-95 Corridor</i>	71%	72%
<i>Downeast</i>	6%	7%
<i>Aroostook</i>	5%	6%
<i>Western</i>	9%	12%
<i>Other Coastal</i>	9%	3%
	100%	100%

Producers were asked to identify which market segments were most difficult when matching the needs of their clients with the programs underwritten by the insurers they represent. The most difficult personal lines product was homeowners insurance (including coastal and island properties) and the most difficult commercial lines insurance was for apartment owners and general contractors. (See Table 2)

Table 2 – Difficult Risks to Place Insurance Coverage as Reported by Surveyed Producers

	<u>% of Producers</u>
<i>Apartments - Commercial Coverage</i>	53%
<i>Homeowners</i>	40%
<i>Island/Coastal Property</i>	33%
<i>General Contactors</i>	37%
<i>New Venture</i>	13%
<i>Restaurants W/ Dry Ansel System</i>	7%
<i>Roofer</i>	7%
<i>Used-Car Dealership</i>	7%
<i>Professional Liability</i>	7%
<i>Mobile Homes Over 10 Years</i>	3%
<i>Protection Class 10</i>	3%
<i>Seasonal Homes Rented To Others</i>	3%
<i>Small Farming Exposure</i>	3%
<i>Snowmobile Dealers</i>	3%
<i>Motorcycle Dealers</i>	3%
<i>High Umbrellas</i>	3%
<i>Nursing Homes</i>	3%
<i>Umbrella Snowmobile/Mvr</i>	3%
<i>Medical Malpractice</i>	3%
<i>Recreational Vehicle Business</i>	3%
<i>Trucking</i>	3%
<i>Daycare</i>	3%

Among personal lines coverages homeowners (including island and coastal properties) were identified by the survey producers as the most difficult risks to obtain insurance coverage. In the commercial sector coverage for apartment buildings and general contractors were identified as the two most difficult.

Producers were further asked to identify the markets for which they have been unable to obtain insurance coverage *at least once over the past three years*. Their responses were generally consistent with those previously identified except for the addition of personal automobile coverage. (See Table 3)

Table 3 – Unable To Obtain Coverage At Least Once Over The Past Three Years.

<i>Line</i>	<i>% of Producers</i>
<i>Homeowners</i>	80%
<i>Apartment House</i>	27%
<i>Personal Auto</i>	10%
<i>Physical Damage Used Auto Dealers</i>	7%
<i>Umbrella</i>	7%
<i>Mobile Homes</i>	7%
<i>General Contractor</i>	7%
<i>All Lines</i>	7%
<i>Commercial Auto Garage</i>	3%
<i>Driver Training School</i>	3%
<i>Horse Liability</i>	3%
<i>Tenants Policy</i>	3%
<i>Taxi</i>	3%
<i>Charter Agent Legal Liability</i>	3%
<i>Tree Removal</i>	3%
<i>Commercial Property</i>	3%
<i>Commercial General Liability</i>	3%

Producers were specifically asked to identify coverage issues which may result in an insurer electing not to underwrite insurance protection. The question covered their five most difficult risks and requested an explanation of the risk element. The two most often cited risk elements were prior losses and dogs. Prior losses include both claims filed by the applicant and claims made by prior owners of the property. Dogs include all pets known to have aggressive tendencies and include but is not limited to Pit Bulls, Rotweilers, Dobermans, German Shepherds, Husky-Shepherd mixed breeds, hybrid wolves, or other exotic pets. (See Table 4)

Table 4 – Risks Related To Refusals To Write Coverage

<b><i>Underwriting Criteria (Risk Element)</i></b>	
<b><i>Prior Losses</i></b>	33%
<b><i>Dogs</i></b>	21%
<b><i>Trampoline</i></b>	17%
<b><i>Wiring</i></b>	13%
<b><i>Shared Flue</i></b>	13%
<b><i>Island Property</i></b>	13%
<b><i>Poor Upkeep</i></b>	8%
<b><i>Foundation Type Or Posts</i></b>	8%
<b><i>Protection Class 10</i></b>	8%
<b><i>No Prior Coverage</i></b>	8%
<b><i>Total Value/High Value</i></b>	8%
<b><i>Diving Board</i></b>	4%
<b><i>Daycare In Home</i></b>	4%
<b><i>Business On Same Lot</i></b>	4%
<b><i>Insured To Value</i></b>	4%
<b><i>Secondary Homes Unless Primary Home Also Written</i></b>	4%
<b><i>No Protection And/Or Vacant Part Of Year</i></b>	4%
<b><i>Wind Or Protection Class</i></b>	4%
<b><i>Seasonal Within 1,000 Ft Of Ocean</i></b>	4%

Producers were also asked to identify products which have been subject to significant underwriting and rule changes in recent years. Seventy-six percent of the agents identified homeowners insurance with claim history (losses), trampolines, and dog/pets as the top three underwriting criteria considered by a company that declines to underwrite a risk.

Taking into consideration all the questions posed to producers in regard to homeowners insurance we found that the following risk elements, either alone or in conjunction, had the most affect on a producer’s ability to secure insurance coverage for their clients.

- Dog (pet) ownership
- Prior loss history
- Presence of a trampoline
- Condition of electrical service
- Residence located in a Protection Class 10 zone
- Island location
- Shared flue
- Coastal location (wind exposure)
- Poor property maintenance or upkeep

It was necessary to review the overall availability of commercial insurance coverage in order to isolate specific class problems. For producers the survey identified apartment owners and general contractors’ coverages as difficult to obtain. We asked producers to provide, on a scale of 1 to 5, the degree to which they have experienced difficulty in obtaining commercial insurance coverages. (See Table 5)

Table 5 - Degree Of Difficulty Obtaining Commercial Coverages

<i>Coverage Type</i>	<i>Degree Of Difficulty 1 (Low) – 5 (High)</i>
<i>Apartment (Seasonal Tenants)</i>	4.5
<i>Roofer</i>	4.4
<i>General Contractor - 75% Subcontracted</i>	4.4
<i>General Contractor - 50% Subcontracted</i>	4.0
<i>Multi Family Dwelling</i>	3.7
<i>Apartment (Full Time Tenants)</i>	3.6
<i>General Contractor - 25% Subcontracted</i>	2.7
<i>Carpenter</i>	2.6
<i>General Contractor – None Subcontracted</i>	2.4
<i>Sheet Rocker</i>	2.2
<i>Plumber</i>	1.8

Apartment-owner coverage is divided into three segments:

- Apartment with seasonal tenants - rated the most difficult by the producers, includes off campus student tenants (4.5)
- Multi-family dwelling - rated fifth most difficult (3.7)
- Apartments with full-time tenants - rated sixth most difficult (3.6)

Producers indicated that the building's age, upkeep and maintenance, type of heat, condition of electrical service, number of units (over 8), number of floors (over 4), and subsidized housing as major concerns regarding availability of insurance. Nineteen of the thirty producers identified apartments at least once in the four questions related to availability. Of these, thirteen were located in urban areas, notably in proximity to a college campus.

The difficulty of obtaining general contractor coverage is directly related to the amount of work subcontracted by the contractor. A significant availability difference exists between general contractors who subcontract 75% of their work and contractors who do not subcontract work. The degree of difficulty in obtaining coverage for a contractor subcontracting 75% of his work was 4.4, compared with 2.4 for those contractors who subcontract little or no work. Among contractors roofing contractors were identified as the second most difficult risk for which to place coverage.

## Statewide Consumer Survey

The Bureau contracted with Strategic Marketing Services (SMS) of Portland to survey Maine consumers relative to the availability of insurance in the state. The survey questions were designed to identify markets or risk classes within those markets in which insurance was difficult to obtain or not available. The survey was divided between personal and commercial insurance products. (See Appendix C SMS Report)

SMS administered a telephone survey to Maine residents throughout the state. Interviews were conducted from August 14, 2003 to August 19, 2003 with a randomly selected, stratified statewide sample of 400 Maine citizens. (See Table 6) Respondents had to be at least 18 years of age and be responsible for making decisions regarding personal insurance in their households. Individuals did not qualify for participation in the survey if they did not insure any property or vehicles in Maine. The total results of the residential portion of the study command statistical validity at the 95% confidence level, with a margin of error of plus or minus 4.90%. The personal insurance products included homeowners, tenants, personal automobile, recreational vehicles, and umbrella coverages.

Table 6 – Demographic Stratification (Personal Lines Insurance)

	<i>Survey Respondent</i>	<i>U.S. Census</i>
<i>Androscoggin</i>	8%	8%
<i>Cumberland</i>	21%	21%
<i>Kennebec</i>	9%	9%
<i>Penobscot</i>	11%	11%
<i>Sagadahoc</i>	3%	3%
<i>Hancock</i>	4%	4%
<i>Knox</i>	3%	3%
<i>Lincoln</i>	3%	3%
<i>Waldo</i>	3%	3%
<i>Washington</i>	3%	3%
<i>York</i>	15%	15%
<i>Franklin</i>	2%	2%
<i>Oxford</i>	4%	4%
<i>Piscataquis</i>	1%	1%
<i>Somerset</i>	4%	4%
<i>Aroostook</i>	6%	6%
	100%	100%

SMS also administered a telephone survey of small businesses (having fewer than 10 employees) throughout the state. Interviews were conducted from August 18, 2003 to August 21, 2003 with a randomly selected, stratified statewide sample of 100 Maine businesses. Respondents were those

responsible for making decisions regarding business related insurance policies. The total results of the commercial portion of the study command statistical validity at the 95% confidence level with a margin of error of plus or minus 9.79%. (See Table 7)

Table 7 – Demographic Stratification – (Business Insurance)

	<i>Survey Respondents</i>	<i>US Census</i>
<i>Androscoggin</i>	7.00%	6.73%
<i>Cumberland</i>	24.00%	23.77%
<i>Kennebec</i>	8.00%	8.32%
<i>Penobscot</i>	10.00%	9.93%
<i>Sagadahoc</i>	2.00%	2.25%
<i>Hancock</i>	5.00%	5.35%
<i>Knox</i>	4.00%	4.35%
<i>Lincoln</i>	4.00%	3.63%
<i>Waldo</i>	3.00%	2.90%
<i>Washington</i>	3.00%	2.57%
<i>York</i>	14.00%	14.08%
<i>Franklin</i>	2.00%	2.18%
<i>Oxford</i>	4.00%	3.84%
<i>Piscataquis</i>	1.00%	1.34%
<i>Somerset</i>	4.00%	3.41%
<i>Aroostook</i>	5.00%	5.35%
	100.00%	100.00%

While a majority of respondents have a homeowners/tenants insurance policy, only a small percentage had problems securing or maintaining their coverage.

- A total of 326 respondents (81.5%) currently have a homeowners/tenants policy or had such a policy in the past three years.
- Only a small percentage of respondents had a homeowners/tenants policy that was not renewed (2.8%) or cancelled (.9%) in the past three years. In addition, few respondents were denied coverage (3.1%) in that time.
- Some of the top reasons respondents gave as to why they had a homeowners/tenants policy cancelled or nonrenewed or why they were denied coverage include that their property is seasonal, they have a wood stove, the age of the property, that they have a dog, prior claim experience, coastal/island property, the property is not located near a fire hydrant or their insurer no longer offers insurance in Maine.

A strong majority of respondents agree that homeowners/tenants insurance is becoming expensive and many have experienced a large increase in their premium over the past three years.



- Nearly two-thirds of respondents (63.9%) either “agree” or “strongly agree” that homeowners/tenants insurance is becoming expensive. Fifteen percent of those polled (15.4%) either “disagree” or “strongly disagree” that homeowners/tenants insurance is becoming expensive and 18.5% of those polled “neither agree nor disagree” with this statement.
- Over sixty percent (61.1%) of the respondents reported an increase in their homeowners/tenants premium over the past three years. While 23.1% of those surveyed stated that their homeowners/tenants premium had remained about the same over the past three years and only 1.2% reported a decrease during that time.
- While approximately four in ten respondents whose premium increased in the past three years could explain why the cost increased, 24.2% indicated that their insurance had gone up without any change in coverage and 31.3% said that they are unsure of why their insurance premium increased.

General liability and automobile insurance policies are the most common types of insurance which the businesses surveyed maintain. Few businesses have experienced problems with availability, as most have been able to secure and maintain their business insurance policies.

- Eighty-three (83%) of businesses surveyed stated that they have general liability insurance and 47% reported having automobile insurance. Other types of business insurance policies held by respondents include contractor’s liability insurance (19%), umbrella insurance (16%), and habitational insurance (13%).
- Six of 83 respondents (7.2%) who said their business has general liability insurance indicated that they have had a policy that was nonrenewed in the past three years and one respondent has had a policy cancelled in that time. Two of the 19 respondents whose business is covered by contractors’ liability insurance (10.5%) said that their policy was nonrenewed in the past three years. Of the 47 respondents with company automobile policies, only one respondent indicated that an automobile policy was nonrenewed or cancelled in the past three years.
- None of the businesses surveyed have been denied coverage for, or had a habitational or umbrella policy that was nonrenewed or cancelled in the past three years.
- The primary reason businesses had policies that were either nonrenewed or cancelled was that their insurance company was “no longer writing that line of business”.

Respondents generally agreed that business insurance policies are becoming expensive with the exception of umbrella policies. In addition, most businesses have experienced a significant increase in their insurance premium over the past three years.

- Of the five different types of business insurance examined, current automobile policyholders are more likely than other policyholders to “agree” or “strongly agree” that automobile insurance is becoming expensive.
- Habitational insurance policyholders also tend to agree that this type of insurance is becoming expensive followed by contractor’s liability and general liability.
- Current umbrella policyholders appear most satisfied with their current premium.

- Eighty-two percent (82%) of the 83 with general liability insurance reported an increase in premium over the past three years, with 26.5% experiencing an increase of 25% or more.
- Eighty-four percent (84%) of the 19 respondents with contractors liability insurance experienced a premium increase over the past three years with 52.6% reporting an increase of 25% or more.
- Umbrella policy premium appear to be the most stable of the policies examined, as half of the 16 respondents have not experienced a change in premium over the past three years.
- The vast majority of automobile insurance policyholders have also seen an increase in their premium (93.7%).

## Statewide Public Meetings

The Bureau conducted four public meetings during October 2003. These meetings provided an opportunity for the Superintendent to provide attendees an overview of the Maine insurance market, to gather public comment on problems and issues related to property and casualty insurance and to provide information relating to consumer assistance available from the Bureau. The public meetings were held from 7:00pm to 10:00pm on the following dates:

- October 14, 2003 – Ellsworth City Hall
- October 15, 2003 – University of Maine at Presque Isle
- October 22, 2003 - Department of Professional and Financial Regulation, Gardiner
- October 23, 2003 – Marriott Hotel, South Portland

A total of 142 individuals attended the meetings and significant interest was evident in all regions with extensive press coverage afforded to all the sessions. The Ellsworth meeting attracted approximately 25 attendees; 11 individuals were in attendance at Presque Isle; 50 at Gardiner; and 56 at South Portland.

As one might expect with a meeting of this type generally, only individuals with insurance problems or concerns provided commentary. Interestingly, at the Ellsworth meeting 2 insurance producers presented positions that validated many of the problems experienced by policyholders. Homeowners and apartment insurance were the insurance products primarily addressed. Other products discussed at the meetings included contractors, small business owners and farmowners insurance coverage.

In an effort to supplement policyholder comments, the Bureau made available on its webpage a revised consumer survey form. Participants could either fill in the form on line or download it and mail it in to the Bureau. While not intended to be a statistically valid sample it nonetheless affirmed comment received at the public meetings.

### ***Concerns about Homeowners Insurance***

For the most part, the issues presented by attendees – almost all of which pertained to homeowners insurance – served to confirm and support other information gathered by the Bureau during the development of this report. The issues included:

- Companies mandating certain levels of coverage for the property regardless of the amount of coverage desired by the insured
- Premium increases ranging from 50% to over 300%
- Homeowners with in-home businesses cancelled or deemed ineligible for insurance
- Apartments nonrenewed due to seasonal tenants (college students)
- The age of a property (home or apartment)
- Homes with attached barns
- Homeowners not renewed due to distance from fire station (Protection Class 10)

- Island property owners not renewed or renewed at an exorbitant rate
- Inspection of property being done by non qualified inspectors
- Insurers giving unrealistic timelines to complete maintenance issues
- The cost of small business insurance is such that the enterprise cannot recoup the added cost, causing some to go without insurance coverage, others to go out of business
- Companies seemingly looking for ways to cancel or not renew rather than work with the policyholder to remedy the undesirable risk elements
- Availability and affordability of apartment house coverage

Homeowners stressed that it appeared as if insurers were changing the rules for underwriting homeowners risks. The following were cited as examples:

- Companies are mandating that repairs, updates, and other changes to the property be completed in a short period of time or in unreasonable times of the year in order for coverage to be renewed.
- Companies are dictating the amount of property coverage provided by the policy regardless of the amount desired by the consumer. They indicated that the value insured under the property section of their policies has often tripled in the past three years, with a corresponding increase to the policy premium. This was more prominently noted by policyholders in northern and eastern Maine than those in southern Maine where the real estate market is more dynamic.
- Policyholders noted an increased emphasis by insurance companies on property valuation. This valuation is the basis for determining the amount of premium charged and represents a best estimate of the replacement cost of the property. Replacement cost is the amount of money required to restore the property to its original condition with materials and construction methods used in the original construction of the property. This valuation procedure could result in older properties being valued at prices higher than market prices.
- In both Gardiner and South Portland, policyholders described the insurance problems of apartment and island property owners. Older apartment buildings, maintenance, and apartments with seasonal tenants, particularly students, were the most repetitive reasons given by policyholders for companies refusing to provide coverage.
- Policyholders pointed out that a large part of the Maine economy is tied to small business operations. Maine businesses already face high medical insurance cost, high property taxes, and now high business insurance cost, including workers' compensation insurance cost. These costs discourage economic growth in the small business community. Additionally many Maine small businesses are based in the same building where the policyholder resides. Some policyholders were of the view that underwriting decisions to non-renew policies due to a business use of the premises were being made by urban-based underwriters unfamiliar with Maine's rural lifestyle.
- Policyholders complained about nonrenewals due to the policyholder's ownership of certain breeds of dogs. One policyholder noted that insurers should focus on a dog's "deed, not the breed".

- Policyholders expressed frustration that some insurers non-renew coverage if policyholders file multiple small claims. The concern noted by policyholders is that if insurers don't want to insure small claims, they should not charge for that coverage.
- Policyholders noted that, although some insurers are now using credit scores as underwriting and pricing factors, no information is available to specific policyholders as to how they may improve their specific credit scores.

### ***Post-Forum Public Reaction***

Press coverage of the forums resulted in the Bureau receiving numerous phone calls, letters and e-mail messages. The following letter from a policyholder is representative of those communiqués.

*Dear Sir:*

*I am writing because I recently learned from Bangor Daily News that you have been scheduling hearings, etc. about people's insurance problems. Since I did not make the hearing, I would like to take this medium to tell you about my problem:*

*I am a senior citizen who has a small business which I will have to close because of insurance problems. Six years ago when I retired, I had a garage type building erected adjacent to my home to use for an antique and collectible shop. I am open only during the summer months and do not have heat in the building. I invested in this building and stocked it with the idea that I could continue to operate my business for many years into my future. My shop has given me a small income to supplement my social security as well as provide an opportunity to overcome the social isolation of my rural community.*

*Last year I received a questionnaire from my insurance company, Patrons Oxford, which I have carried for over thirty years. After I returned the questionnaire, I received a form letter with a checkmark on the line that said my homeowners insurance would not be renewed. I wrote and asked for an explanation and received a rude letter stating that they did not have to renew nor provide an explanation if one conducts business on the premises.*

*My local agency could not locate another insurance company to cover our home until finally I obtained coverage from LLOYDS OF LONDON at a cost of about \$1,000 in addition to my having another separate policy on my shop for another \$400. With the added insurance costs, it is no longer profitable for me to operate this business. I have always paid my premiums promptly and have never had a major claim, only a couple of minor water damage claims and think my current situation is very unfair. Ironically, Patrons renewed the insurance on our camp for which we have had a theft claim.*

*Apparently, the insurance companies of Maine only want its customers to pay in to them, but not to collect anything back if they need it. There is something wrong when one has to go to another country for insurance coverage because our own insurance companies won't provide it.*

## Consumer Complaints

The Bureau's property and casualty unit is responsible for assisting policyholders and consumers with complaints related to property and casualty insurance. The subject matter for complaints ranges from claim payments, coverage issues, sales practices, nonrenewals to policy cancellations. For this report we reviewed the property and casualty complaints that were filed during the period January 2000 through December 18, 2003. The following tables illustrate trend development over the review period.

Table 8 - Complaint Case Mix By Coverage

	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003*</i>	<i>Average</i>
<i>Homeowners</i>	21.7%	25.5%	31.3%	28.0%	26.6%
<i>Personal Automobile</i>	58.6%	55.3%	51.8%	55.2%	55.2%
<i>Commercial Multi Peril</i>	5.8%	7.3%	1.8%	2.0%	4.2%
<i>Commercial Automobile</i>	7.2%	8.1%	5.7%	4.5%	6.4%
<i>Other</i>	6.7%	3.8%	9.4%	10.4%	7.6%
	100%	100%	100%	100%	

\*Year to date through December 18, 2003

Table 9 – Complaint Distribution By Coverage

	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003*</i>	<i>4 Yr Total</i>
<i>Homeowners</i>	136	192	224	156	708
<i>Personal Automobile</i>	367	417	371	308	1,463
<i>Commercial Multi Peril</i>	36	55	13	11	115
<i>Commercial Automobile</i>	45	61	41	25	172
<i>Other</i>	42	29	67	58	196
	626	754	716	558	2,654

\*Year to date through December 18, 2003

Table 10 – Change in Homeowners Complaints

	<i>Complaints</i>	<i>Yr/Yr Difference</i>	<i>% Change By Year</i>	<i>Cumulative 2000 – 2003</i>
<i>2000</i>	136			
<i>2001</i>	192	56	41.2%	41.2%
<i>2002</i>	224	32	16.7%	64.7%
<i>2003*</i>	156	-68	-30.4%	14.7%

\*Year to date through December 18, 2003

Table 11 - Change in Personal Automobile Complaints

	<i>Complaints</i>	<i>Yr/Yr Change</i>	<i>% Change By Year</i>	<i>Cumulative 2000 – 2003</i>
<b>2000</b>	367			
<b>2001</b>	417	50	13.6%	13.6%
<b>2002</b>	371	-46	-11.1%	1.1%
<b>2003*</b>	308	-63	-17%	-16.1%

\*Year to date through December 18, 2003

Table 12 – Change in Commercial Multi Peril Complaints

	<i>Complaints</i>	<i>Yr/Yr Change</i>	<i>% Change By Year</i>	<i>Cumulative 2000 – 2003</i>
<b>2000</b>	36			
<b>2001</b>	55	19	52.8%	52.8%
<b>2002</b>	13	-42	-76.4%	-63.9%
<b>2003*</b>	11	-2	-15.4%	-69.4%

\*Year to date through December 18, 2003

Table 13 – Change in Commercial Automobile Complaints

	<i>Complaints</i>	<i>Yr/Yr Change</i>	<i>% Change By Year</i>	<i>Cumulative 2000 – 2003</i>
<b>2000</b>	45			
<b>2001</b>	61	16	35.6%	35.6%
<b>2002</b>	41	-20	-32.8%	-8.9%
<b>2003*</b>	25	-16	-39%	-44.4%

\*Year to date through December 18, 2003

Table 14 – Change in Other Property & Casualty Coverage Complaints

	<i>Complaints</i>	<i>Yr/Yr Change</i>	<i>% Change By Year</i>	<i>Cumulative 2000 – 2003</i>
<b>2000</b>	42			
<b>2001</b>	29	-13	-31%	-31%
<b>2002</b>	67	38	131%	59.5%
<b>2003*</b>	58	-9	-13.4%	38.1%

\*Year to date through December 18, 2003

## Cancellation Control Act Hearings

The Maine Automobile Insurance Cancellation Control Act (24-A M.R.S.A. Ch 39 subchapter II) and the Maine Property Insurance Cancellation Control Act (24-A M.R.S.A. Ch 41 subchapter V) were enacted in the 1970s to protect consumers. These laws set rules under which an insurance company may cancel or non-renew certain personal automobile, property, and liability insurance policies.

Cancellation is the termination of a policy at some point between the effective date of the policy and its anniversary date.

Nonrenewal is when an insurance company decides that it will not issue another policy after the anniversary date of the current policy.

In the case of a new policy, the insurance company can cancel the policy within the first 60 days if the applicant does not meet the company's current requirements. The insurance company must issue a written notice of cancellation before the 60 days expires.

When a policy is more than 60 days old, an insurance company may cancel for only one of the reasons listed in the law. Some of these reasons are: nonpayment of premium, loss of license, fraud, material misrepresentation, and changes in the risk making it uninsurable.

The Maine Automobile Insurance Cancellation Control Act lists the specific reasons which allow nonrenewal of car insurance. Some of the reasons are:

- three speeding convictions in the prior three years
- conviction of operating under the influence during the prior three years
- when one automobile is insured, two at-fault accidents in the prior three years in which there was resulting bodily injury or property damage in excess of \$1,000

The Maine Property Insurance Cancellation Control Act pertains to owner-occupied real property which is used solely for residential purposes and which consists of not more than four apartments

In the case of nonrenewal, the insurance company must notify the insured in writing at least 30 days before the expiration advising that it does not intend to renew the policy. For a cancellation, the insurance company must provide the insured with at least 20 days written notice, except if the cancellation is for nonpayment of premium, then only ten days notice is required.

The notice period begins three days from the mailing date of the notice for nonrenewal and five days from the mailing date of the notice for cancellations.

Except for policies that have been in effect for less than 60 days, a notice of cancellation of homeowners coverage must contain the reason for cancellation. A notice of nonrenewal of homeowners coverage must contain the reason for nonrenewal. The reason must "be a good faith



reason rationally related to the insurability of the property." The reason must be explicit; explanations such as "underwriting reasons", "loss record", "location of risk", "credit report" and similar generic reasons are not by themselves sufficient explanations.

Except with respect to policies that have been in effect for less than 60 days, an insured homeowner receiving a notice of cancellation or nonrenewal may, within 30 days of receipt of a statement of a reason, request a hearing before the Superintendent. The purpose of this hearing is limited by statute to establishing the existence of the proof or evidence used by the insurer in its reason for cancellation or nonrenewal notice. The burden of proof of the reason for the intended cancellation or nonrenewal is on the insurer.

With respect to property insurance on risks not subject to the Property Insurance Cancellation Control Act, such as commercial property and casualty coverages, the right to a hearing at the Bureau of Insurance exists only with respect to mid-term cancellations, and not nonrenewals. The specific time frames for providing notice of cancellation and for requesting a hearing differ for commercial as opposed to personal lines.

Table 15 – Hearings Held for Property Insurance before the Superintendent

	<i>Hearings Held</i>	<i>Policyholder Prevailed</i>	<i>Insurance Co Reinstated</i>	<i>Policyholder Dropped Request</i>	<i>Company Prevailed</i>	<i>Pending</i>
<b>2001</b>	<b>130</b>	41	47	10	32	
<b>2002</b>	<b>350</b>	116	164	13	57	
<b>2003</b>	<b>317</b>	100	132	19	51	15

Table 16 – Homeowners Hearing Results

	<i>In Favor of Policyholders</i>	<i>In Favor of Company</i>
<b>2001</b>	88 (68%)	42 (32%)
<b>2002</b>	280 (80%)	70 (20%)
<b>2003</b>	232 (77%)	70 (23%)

Table 17 – Reasons for Hearing Request

	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>Totals</i>
<i>Animals - Miscellaneous</i>	0	1	3	3
<i>Breach of Contract</i>	0		1	1
<i>Business on Premises</i>	5	7	11	20
<i>Condition of Property</i>	12	80	63	149
<i>Conviction of Insured</i>	2		3	5
<i>Daycare on Premises</i>	1	9	12	20
<i>Dogs - Bite History</i>	8	17	9	30
<i>Dogs - Breed</i>	2	4	5	10
<i>Electrical System Issues</i>	2	0	4	5
<i>Failure to Provide Information</i>	1	4	10	14
<i>Failure to Maintain</i>	1		2	2
<i>Failure to Comply w/Requests</i>	3	15	23	37
<i>Incomplete/Poor Construction</i>	1	3	7	9
<i>Increased Change in Exposure</i>	2	10	7	21
<i>No Central Heat</i>		2		2
<i>Location</i>	0	2	2	3
<i>Losses</i>	72	116	75	255
<i>Miscellaneous - Other Reasons</i>		8		8
<i>Misrepresentation</i>	1	9	11	20
<i>Missed 60-day</i>	0	7	9	14
<i>Mobile Home</i>	0		2	2
<i>Negligent/Careless</i>	0	4	1	5
<i>Nonpayment</i>	2	13	9	24
<i>Occupancy</i>	9	24	25	56
<i>Reinsurance</i>	1		4	3
<i>Single Flue Chimney</i>		2		2
<i>Skate Ramp</i>	0		1	1
<i>Swimming Pool Issues</i>	0	0	6	6
<i>Theft Losses</i>	2	4	3	8
<i>Trampoline</i>	3	4	5	12
<i>Woodstove</i>	0	5	8	12
<b>Total</b>	<b>130</b>	<b>350</b>	<b>317</b>	<b>797</b>

\* Includes data through October 3, 2003

***Hearings: Personal Automobile Insurance***

Table 18 – Hearings Held for Personal Automobile Insurance before the Superintendent

	<i>Hearings Held</i>	<i>Policyholder Prevailed</i>	<i>Insurance Co Reinstated</i>	<i>Policyholder Dropped Request</i>	<i>Company Prevailed</i>
<b>2001</b>	62	8	20	12	22
<b>2002</b>	119	29	41	12	37
<b>2003*</b>	89	15	29	9	26

\* Includes data through October 3, 2003

Table 19 – Personal Automobile Hearing Results

	<i>In Favor of Policyholders</i>	<i>In Favor of Company</i>
<b>2001</b>	28 (45%)	34 (55%)
<b>2002</b>	70 (59%)	49 (41%)
<b>2003*</b>	44 (56%)	35 (44%)

\* Includes data through October 3, 2003

## Rates, Rules, and Forms

Regulation of insurance rates by the Bureau is intended to ensure that rates are not excessive, inadequate, or unfairly discriminatory. Rate regulation is not intended to prohibit or discourage reasonable competition. The rate review process considers, among other things, past and prospective loss experience, past and prospective expenses, conflagration and catastrophe exposure, and a reasonable margin for underwriting profit and contingencies after giving consideration to investment income. As part of the rate review process, the Bureau reviews supplementary rating information used in the determination of the amount charged including but not limited to minimum premium, policy fees, rating rules, underwriting rules, classification schedules, and statistical plan data.

Companies continually update their rates and rating plans to respond to changes in the market. They may use their own internal data (independent filing) or use data accumulated by licensed advisory organizations. An advisory organization accumulates loss statistics data provided by its member companies. It then uses the loss statistics, in aggregate, to provide loss trend information to regulatory authorities. The loss statistics of the advisory organization are combined with individual company expense and profit data in the determination of premium rates. Advisory organizations include but are not limited to the Insurance Service Office (ISO), the American Association of Insurance Services (AAIS), and Automobile Insurance Plan Statistical Office (AIPSO).

An insurance policy, endorsement form, renewal form, or any other form which constitutes part of a policy must be approved by the Bureau prior to its use in Maine. Forms may be independently developed or developed by an advisory organization and submitted to the Bureau for approval. Companies using the form developed by an advisory organization must file their intention with the Bureau for approval.

For purposes of this report rate, rule, and form filings of the ten largest writers of homeowners insurance were reviewed for the past three years. Filed rate increases for the period of January 1, 2000 through August 31, 2003 ranged from 11% to 43% on a cumulative basis over the 44 months. The degree of the rate increase is dependent on each individual company's base rates at the start of the period. (See Table 20)

Table 20 – Cumulative Filed Rate Increases 2000 – 2003 (Homeowners)

Massachusetts Bay Insurance Company	43%
Allstate Insurance Company	42%
York Insurance Company of Maine	36%
Vermont Mutual Insurance Company	34%
Patrons Oxford Insurance Company	28%
MMG Insurance Company	26%
Liberty Mutual Fire Insurance Company	24%
Concord General Mutual Insurance Company	22%
State Farm Fire and Casualty Company	20%
Peerless Insurance Company	11%

The applications for rate adjustments included various changes to the coverage provided. The most prevalent of these changes pertained to mold coverage. Changes to mold coverage ranged from limiting the amount of coverage provided to excluding coverage entirely. Several companies adopted limited coverage for fungi, wet or dry rot, and bacteria.

The filings also included increases to minimum limits offered, increased level of deductibles, and modified additional liability limits for sundry and enhancement coverages.

The filings did not contain information that indicates a particular homeowners risk characteristic would result in insurance being unavailable for that specific risk.

## Insurer Financial Results & the Maine Market

Based on information filed with the NAIC, property and casualty insurance companies wrote approximately \$1.6 billion premium in the State of Maine during 2002. (See Table 21) Twenty licensed companies accounted for over 55% of the total Maine market for property and casualty insurance in 2002. (See Table 22)

Table 21 - Direct Premium by Line of Property & Casualty Business in Maine

<i>Line of Business</i>	<i>Direct Written Premium</i>
<i>Private Passenger Automobile</i>	\$ 556,269,000
<i>Workers Compensation</i>	\$ 222,435,000
<i>Homeowners Multiple Peril</i>	\$ 185,955,000
<i>Commercial Multiple Peril</i>	\$ 174,188,000
<i>Commercial Auto</i>	\$ 136,006,000
<i>Other Liability</i>	\$ 112,209,000
<i>Medical Malpractice</i>	\$ 40,151,000
<i>Inland Marine</i>	\$ 33,544,000
<i>Fire</i>	\$ 27,445,000
<i>Ocean Marine</i>	\$ 20,607,000
<i>Group Accident &amp; Health</i>	\$ 18,934,000
<i>Allied Lines</i>	\$ 18,746,000
<i>Other Accident &amp; Health</i>	\$ 15,937,000
<i>Mortgage Guaranty</i>	\$ 12,981,000
<i>Surety</i>	\$ 11,150,000
<i>Other</i>	\$ 9,965,000
<i>Boiler &amp; Machinery</i>	\$ 7,092,000
<i>Products Liability</i>	\$ 6,996,000
<i>Aircraft</i>	\$ 6,032,000
<i>Multiple Peril Crop</i>	\$ 4,694,000
<i>Fidelity</i>	\$ 3,545,000
<i>Federal Flood</i>	\$ 3,212,000
<i>Farmowners Multiple Peril</i>	\$ 2,344,000
<i>Financial Guaranty</i>	\$ 1,740,000
<i>Credit</i>	\$ 1,382,000
<i>Credit Accident &amp; Health</i>	\$ 1,226,000
<i>Earthquake</i>	\$ 1,192,000
<i>Burglary &amp; Theft</i>	\$ 136,000
<b>Total</b>	<b>\$ 1,636,113,000</b>

Table 22 - Top 20 Writers of Property & Casualty Insurance in Maine

	<i>Direct Written Premium</i>	<i>Market Share</i>
<i>York Insurance Company of Maine</i>	\$142,343,000	8.7%
<i>Maine Employers Mutual</i>	120,965,000	7.4%
<i>Acadia Insurance Company</i>	68,281,000	4.2%
<i>State Farm Mutual Auto Insurance Company</i>	65,118,000	4.0%
<i>Allstate Insurance Company</i>	56,961,000	3.5%
<i>Hanover Insurance Company</i>	54,638,000	3.3%
<i>Peerless Insurance Company</i>	51,833,000	3.2%
<i>Concord General Mutual Insurance Company</i>	49,946,000	3.1%
<i>Maine Mutual Group</i>	38,988,000	2.4%
<i>Liberty Mutual Fire Insurance Company</i>	33,246,000	2.0%
<i>State Farm Fire and Casualty Company</i>	29,814,000	1.8%
<i>Medical Mutual Insurance Company</i>	24,377,000	1.5%
<i>Patrons Oxford Insurance Company</i>	24,183,000	1.5%
<i>Progressive Casualty Company</i>	23,836,000	1.5%
<i>Massachusetts Bay Insurance Company</i>	20,765,000	1.3%
<i>Middlesex Insurance Company</i>	20,387,000	1.2%
<i>North East Insurance Company</i>	20,062,000	1.2%
<i>Progressive Northwestern Insurance Company</i>	20,057,000	1.2%
<i>Dairyland Insurance Company</i>	20,041,000	1.2%
<i>Factory Mutual Insurance Company</i>	16,488,000	1.0%
<i>Subtotal</i>	902,329,000	55.20%
<i>All Other Carriers</i>	733,784,000	44.80%
<b><i>Total</i></b>	<b>\$1,636,113,000</b>	

In 2002, in addition to the \$1.63 billion of written premium approximately \$49.7 million was written by the excess or surplus lines companies. Business is placed in the surplus lines market when standard (licensed) insurance companies will not underwrite particular risks. Surplus lines companies are authorized to do business (but are not licensed) in a jurisdiction and generally are not subject to the regulation of rates or forms. An illustration of the market dynamics in the Maine market is that premium written by surplus lines carriers increased 34% in 2000, 38% in 2001, and 34% in 2002.

Table 23 – Direct Written Premium (2002): All Companies v. Companies Surveyed by the Bureau

	<i>All Companies</i>	<i>Companies Surveyed By the Bureau</i>	<i>ME Market Share</i>
<i>Fire</i>	\$27,445,000	\$6,330,000	23%
<i>Allied Lines</i>	18,746,000	3,208,000	17%
<i>Farmowners Multiple Peril</i>	2,344,000	1,135,000	48%
<i>Homeowners Multiple Peril</i>	185,955,000	121,088,000	65%
<i>Commercial Multiple Peril</i>	174,188,000	118,803,000	68%
<i>Inland Marine</i>	33,544,000	13,966,000	42%
<i>Earthquake</i>	1,192,000	330,000	28%
<i>Other Liability</i>	112,209,000	20,624,000	18%
<i>Products Liability</i>	6,996,000	571,000	8%
<i>Private Passenger Auto</i>	556,269,000	366,482,000	66%
<i>Commercial Auto</i>	136,006,000	88,763,000	65%
<b>Total – Lines Targeted</b>	<b>1,254,894,000</b>	<b>741,300,000</b>	<b>59%</b>
<b>Total – Lines Not Targeted</b>	<b>381,219,000</b>	<b>46,320,000</b>	<b>12%</b>
<b>Grand Total</b>	<b>\$1,636,113,000</b>	<b>\$787,620,000</b>	<b>48%</b>

\* Source – National Association of Insurance Commissioners Financial Database

The combined policyholder surplus (net worth) of the 24 companies included in the Bureau's survey declined from \$69.8 billion at year end 1999 to \$54.3 billion at year end 2002. The decline of \$15.5 billion is detailed Table 24.

Table 24 – Change In Surplus Of Companies Surveyed by the Bureau (1999-2002)

<b><i>Policyholder Surplus – December 31, 1999</i></b>	<b><i>\$69,825,710,000</i></b>
Net Income (Loss)	<i>(\$849,180,000)</i>
Unrealized Investment Gains Or Losses	<i>(\$16,619,721,000)</i>
Change In Accounting	\$3,494,863,000
Cash Dividends To Stockholders	<i>(\$3,644,584,000)</i>
Change In Deferred Tax Asset	\$2,386,684,000
Other Surplus Changes	<i>(\$318,885,000)</i>
<b><i>Policyholder Surplus – December 31, 2002</i></b>	<b><i>\$54,274,887,000</i></b>

In each of the past nine years, the cost of insurance protection (claims) for all property and casualty companies in the United States has exceeded insurance revenue (premium) – that is, the industry has experienced underwriting losses. Underwriting losses ranged from \$1.6 billion in



1997 to \$50.8 billion in 2001, with a nine-year average of \$24.7 billion. During the same period, income from investment activity, excluding unrealized gains or losses, ranged from \$36.0 billion in 1994 to \$59.1 billion in 1998, with a nine-year average of \$48.0 billion. (See Table 25)

Table 25 – Underwriting Losses 1994 - 2002

	<b><i>Underwriting Loss 1994-2002</i></b>	<b><i>Pre Tax Investment Income</i></b>
<b>1994</b>	<b>(\$18,446,000,000)</b>	\$36,044,000,000
<b>1995</b>	<b>(\$14,167,000,000)</b>	\$42,818,000,000
<b>1996</b>	<b>(\$14,353,000,000)</b>	\$48,259,000,000
<b>1997</b>	<b>(\$1,642,000,000)</b>	\$53,542,000,000
<b>1998</b>	<b>(\$12,548,000,000)</b>	\$59,116,000,000
<b>1999</b>	<b>(\$20,617,000,000)</b>	\$53,020,000,000
<b>2000</b>	<b>(\$28,164,000,000)</b>	\$58,245,000,000
<b>2001</b>	<b>(\$50,841,000,000)</b>	\$45,621,000,000
<b>2002</b>	<b>(\$29,726,000,000)</b>	\$42,882,000,000

Source - AM Best Aggregate & Averages

Revenue from investment activity, as a percent of total revenue, increased from 12.7% in 1994 to a high of 17.4% in 1998, thereafter declining to a low of 9.3% in 2002. Return on capital, including unrealized gains or losses, increased from 5.1% in 1994 to a high of 23.2% in 1997, declining thereafter to negative 8.1% in 2001.

Table 26 – Revenue Sources & Return on Capital

	<b><i>Investment Revenue</i></b>	<b><i>Premium Revenue</i></b>	<b><i>Return on Capital</i></b>
<b>1994</b>	13%	87%	5%
<b>1995</b>	14%	86%	19%
<b>1996</b>	15%	85%	15%
<b>1997</b>	16%	84%	23%
<b>1998</b>	17%	83%	13%
<b>1999</b>	16%	84%	7%
<b>2000</b>	16%	84%	1%
<b>2001</b>	13%	87%	-8%
<b>2002</b>	11%	89%	-5%

Source - AM Best Aggregate & Averages

The following tables summarize key financial indicators for the U.S. property and casualty industry.

Table 27 – US Property & Casualty Industry Capital & Surplus Change 2000-2002

<b>Capital &amp; Surplus at January 2000</b>	<b>\$336,462,000,000</b>
Net Income (Loss)	23,071,000,000
Unrealized loss on Equity Securities	(61,215,000,000)
New Capital	32,966,000,000
Dividends to Shareholders	(35,196,000,000)
Other Changes	(4,941,000,000)
<b>Capital &amp; Surplus at December 31, 2002</b>	<b>\$291,147,000,000</b>

Source: AM Best, Aggregate and Averages

Table 28 – Pre Tax Income (Loss) 1994 - 2002

<i>Year</i>	<i>Underwriting</i>		<i>Investment*</i>		<i>Total</i>
1994	(\$21,732,000,000)	\$	36,044,000,000	\$	14,312,000,000
1995	(\$17,522,000,000)	\$	42,818,000,000	\$	25,296,000,000
1996	(\$18,040,000,000)	\$	48,259,000,000	\$	30,219,000,000
1997	(\$6,769,000,000)	\$	53,542,000,000	\$	46,773,000,000
1998	(\$17,718,000,000)	\$	59,116,000,000	\$	41,398,000,000
1999	(\$25,482,000,000)	\$	53,020,000,000	\$	27,538,000,000
2000	(\$32,171,000,000)	\$	58,245,000,000	\$	26,074,000,000
2001	(\$52,472,000,000)	\$	45,621,000,000	\$	(6,851,000,000)
2002	(\$30,534,000,000)	\$	35,569,000,000	\$	5,035,000,000

\*excludes unrealized investment gains or losses

As pre-tax investment income declined, companies looked to reduce losses from underwriting operations in order to generate a positive return on equity. The amount of premium an insurer may write is related to its level of capital and surplus. It is generally accepted that a premium-to-surplus ratio of greater than 3 to 1 can be considered as excessive and a domiciliary state may require a company to reduce this ratio. An insurer may establish an internal target ratio which is used to determine the amount of premium it is willing to write relative to surplus. This target ratio is a function of available operating resources required to process the business and policyholder surplus.

As the Conning Report overview pointed out, “Years of inadequate prices, increasing loss severity for liability claims, and declining investment returns have contributed to the industry’s decrease in surplus in 2002 – the first recorded three-year decrease.”

Table 29 – U.S. Property and Casualty Industry Recent History & Projections

<i>Year</i>	<i>Premium Growth</i>	<i>Loss Ratio</i>	<i>Expense Ratio</i>	<i>Combined Ratio</i>	<i>Return on Equity (GAAP)</i>
<b>1994</b>	3.3%	81.1%	26.0%	108.4%	4.8%
<b>1995</b>	3.3%	78.8%	26.3%	106.4%	6.7%
<b>1996</b>	3.5%	78.3%	26.3%	105.7%	8.0%
<b>1997</b>	2.4%	72.7%	27.0%	101.4%	9.8%
<b>1998</b>	2.1%	76.1%	27.6%	105.5%	5.9%
<b>1999</b>	2.0%	78.6%	28.0%	107.8%	4.4%
<b>2000</b>	4.5%	81.2%	27.4%	109.9%	2.8%
<b>2001</b>	10.0%	88.4%	26.4%	115.6%	-2.4%
<b>2002E</b>	13.1%	81.3%	26.0%	108.1%	0.4%
<b>2003F</b>	9.2%	78.2%	25.6%	104.7%	2.1%
<b>2004F</b>	5.4%	77.8%	25.4%	104.2%	3.0%

Source: Conning Research and Consulting, Inc.'s Midyear 2003 Update Report.

The Conning report further stresses “The most important forces affecting the property-casualty market are changing economic conditions, adjustments to more intense focus on corporate governance, the exposure to catastrophes, advancing technology, and developments in the litigious environment.” Lower returns on investments are resulting in insurers placing more attention to underwriting profit. In order to achieve underwriting profit insurers are tightening underwriting rules, increasing prices, and reducing coverage.

### ***Catastrophes***

According to data prepared by the Insurance Services Office (ISO), nation-wide catastrophe losses in the U.S. for the three years ending December 31, 2002, totaled \$38.5 billion. A catastrophe is defined as an event that causes \$25 million or more in insured-property losses and affects a significant number of property/casualty policyholders and insurers. See Table 30 for a 10 year history.

Table 30 – ISO Designated Property Catastrophes

<i>Year</i>	<i>Events</i>	<i>Claims</i>	<i>Losses</i>
<b>1993</b>	36	1,200,000	\$ 5,620,000,000
<b>1994</b>	38	2,500,000	\$ 17,010,000,000
<b>1995</b>	34	2,700,000	\$ 8,320,000,000
<b>1996</b>	41	3,900,000	\$ 7,370,000,000
<b>1997</b>	25	1,600,000	\$ 2,600,000,000
<b>1998</b>	37	3,500,000	\$ 10,070,000,000
<b>1999</b>	27	3,300,000	\$ 8,340,000,000
<b>2000</b>	24	1,400,000	\$ 4,600,000,000
<b>2001</b>	20	1,600,000	\$ 28,100,000,000
<b>2002</b>	25	1,800,000	\$ 5,800,000,000
<b>TOTAL</b>	307	23,500,000	\$97,830,000,000

Source: Insurance Services Office

General economic and social changes/pressures have always had a significant impact on the insurance market; some of the key changes/pressures over the last four years have included:

- Interest rates that have declined to levels last seen in the late 1950s. Lower interest rates have resulted in lower investment returns, which in turn have led companies to seek to reduce underwriting losses in order to provide a return on capital for investors.
- The equity markets declined sharply further depleting policyholder surplus. (The decline is somewhat mitigated due to statutory investment restrictions imposed upon U.S. insurers)
- Recent years have seen a surge in toxic mold claims for homeowners coverage particularly in Texas and Florida.
- Mold-related claims are increasingly being made on commercial buildings including office buildings, apartments, and schools. Building, general, mechanical (heating, ventilation & air conditioning), and refrigeration contractors are subject to mold-related claims.
- Reinsurance costs, particularly since September 11, 2001, have escalated. Primary insurers are either paying more or obtaining less reinsurance coverage. The additional cost is passed on to policyholders through increased insurance prices.
- The cost of litigation must be factored in the cost of providing insurance coverage. For example in 2002 defense and cost containment for liability lines represented approximately 12.5% of all incurred losses. (See Table 31)

Table 31 – Defense & Cost Containment Expenses as a Percent of Incurred Losses, 2002

<i>Line of Business</i>	
<i>Workers Comp</i>	7.5%
<i>Private Passenger Auto Liability</i>	7.4%
<i>Commercial Auto Liability</i>	10.8%
<i>Comm Multi Peril Liability</i>	29.0%
<i>Other Liability</i>	20.9%
<i>Medical Malpractice</i>	36.4%
<i>Homeowners Multiperil</i>	4.5%
<i>Products Liability</i>	17.6%
<b><i>Total Liability Lines</i></b>	<b>12.5%</b>

Source: AM Best's Aggregates & Averages, Property/Casualty USA, 2003 Edition

As a direct result of lower returns on investments, poor financial performance and large court judgments, underwriting of insurance risks has tightened. Underwriters have redefined the risks they are willing to underwrite; risks that previously qualified are now being nonrenewed or renewed at substantially higher prices. To fully understand the impact of underwriting changes, it is first necessary to know how insurers classify risks.

Insurance companies classify policyholders into five general categories:

- The low-risk or preferred customer is desired by all companies in the marketplace. Companies use price incentives to compete for this type of customer.
- The medium-risk or standard customer is desired by all companies, but is not offered price incentives.
- The high-risk or non-standard customer is desired by few companies and, when offered insurance, it includes surcharges.
- The hard-to-place-risk customer, for whom insurance may be written through the excess and surplus-lines market. This market generally provides less coverage at a higher cost.
- The unacceptable or assigned-risk customer.

The change in underwriting standards has resulted in fewer customers being classified as low or medium risks. Because more policyholders are now in higher risk categories, they are paying more for their insurance protection and a number of them may have to obtain coverage in the surplus lines markets.

### ***Hard and Soft Markets***

Hard markets can be characterized as periods of diminished capacity and increasing prices. Soft markets are characterized by increased capacity, lower prices and a willingness to relax underwriting standards. The effects of hard markets are exaggerated for moderate and hard-to-place-risk profiles since companies try to price their products competitively for the low risk policyholder. For the first 90 years of the last century the property and casualty markets behaved in a relatively consistent pattern trending from hard to soft markets approximately every three

years. That pattern changed in the early 90s as the soft market continued into early 2001. The events of September 11<sup>th</sup> further accelerated the transition from the soft to the hard market. In the course of less than two hours approximately \$40 - \$50 billion dollars of the capital underpinning the industry was committed to pay for the September 11<sup>th</sup> losses. The supply of reinsurance completely dried up for a period of time and if it was available it was substantially more expensive. This resulted in primary insurers having to absorb additional risk and to pass along the increased cost to their policyholders. The escalation of reinsurance costs combined with a reduction in reinsurance coverage, a decline in base interest rates and a significant downturn in the stock market. The industry has reacted by increasing prices and tightening the underwriting rules for risk acceptance.

## Company Survey

The Bureau surveyed 24 of Maine's property and casualty insurers to better understand the market dynamics from the company perspective. (See Appendix D for survey) The surveyed companies included 17 of the top 20 underwriters in the Maine market plus 7 additional companies based on the market share. The 3 property and casualty companies omitted from the survey were Maine Employers Insurance Company (a workers compensation specialty company), Medical Mutual Insurance Company (a medical malpractice carrier) and Factory Mutual Insurance Company (an underwriter of fire, allied, inland marine, and boiler/machinery coverage). The 24 companies accounted for approximately 59% of the nearly \$1.3 billion of the subject premium written in Maine in 2002. The mix of survey companies includes those doing business in Maine only as well as those who do business on a regional or national basis. See Table 32 for the percentage of carriers offering specific coverage types in the Maine market.

Table 32 – Specific Coverages in Maine Market

<i>Coverage</i>	<i>% Of Companies Offering Coverages</i>
<i>Automobile</i>	94.1%
<i>Condominium</i>	64.7%
<i>Umbrella</i>	64.7%
<i>Homeowners</i>	58.8%
<i>Apartment</i>	52.9%
<i>Recreational Vehicle</i>	47.1%
<i>Mobile Home</i>	47.1%
<i>Dwelling Fire</i>	23.5%
<i>Watercraft</i>	23.5%
<i>Inland Marine</i>	17.6%
<i>Motorcycle</i>	17.6%
<i>Gentleman's Farm</i>	11.8%
<i>Snowmobile</i>	11.8%

The respondents were asked to provide premium and policy count data for homeowners and tenants insurance by geographical distribution. For purposes of geographic assignment the companies utilized the five territories as designated by Insurance Service Office (ISO).

<b>Territory #</b>	<b>Area</b>
002	Aroostook County
030	City of Portland
031	Cumberland (excluding Portland), Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, and York Counties
032	Androscoggin, Kennebec, and Penobscot Counties
033	Franklin, Oxford, Piscataquis, and Somerset Counties

Table 33 illustrates the premium rate distribution for homeowners insurance by territory for the period of 2000 through 2003.

Table 33 - Homeowners Insurance Premium Trend in Maine 2000-2003

Territory	Range of Average Premium	Mean Premium of Range	Range of Average Premium	Mean Premium of Range	Average Premium Increase	Policy Count Increase/(Decrease)
	2000	2000	2003	2003		
002	\$263-366	\$286	\$310-430	\$365	27.7 %	< 1 %
030	\$263-446	\$367	\$310-590	\$452	23.2 %	(8 %)
031	\$263-435	\$344	\$310-642	\$429	24.7 %	(7 %)
032	\$263-466	\$330	\$310-542	\$414	25.4 %	(7 %)
033	\$263-470	\$336	\$310-550	\$422	25.4%	(6 %)

The surveyed companies indicated that they had initiated significant changes to their criteria for the acceptance or declination of homeowners' insurance applications. This was true for both new business and renewal business. In response to the following question "During the period of December 31, 1999, through June 30, 2003, please advise what HO3 (homeowners) underwriting rule changes you have implemented". A digest of the responses is listed below.

- Modified age of property requirements with regard to eligibility
- Modified electric service requirements (updated service)
- Modified plumbing requirements (copper or pvc)
- Modified age of heating system with regard to eligibility
- Withdrew daycare liability endorsement
- Required roof replacement within last 15 years
- Required full foundation or slab
- Made homes with trampolines ineligible for coverage
- Increased Coverage A limits – the value of the home
- Modified terms of replacement cost availability
- Eliminated low deductible amounts
- Considered prior loss experience
- Made property with prior water damage ineligible



- Made homes with certain dog breeds ineligible
- Tightened builders risk (insured building own home) guidelines
- Limited Coverage A protection available to Protection Class 9 (limited fire protection)

The following restrictions applied specifically to coastal property:

- Not acceptable if located in a flood zone
- Not acceptable if located within 1000 ft. of water at normal high tide
- Not acceptable if located less than 25 ft above high-water line
- Not acceptable with docks
- Not acceptable if exposed to ocean and not protected by a retaining wall/sea wall or levee
- Not acceptable if not protected from wind by buildings, tree line, or other barrier
- Minimum deductibles are \$500, \$1000, \$2500, or \$5000 depending on property
- Deductibles must be 2% of value if within 2,500 ft of shore, 1% if between 2,500 ft and one mile from shore
- Roof must be fewer than 15 years old
- Roof must be self sealing/interlocking tiles or asphalt shingles
- Roof, layering new over old, is not acceptable
- Roof must be attached per local building code
- Must be insured 100% to value
- Exterior walls may not be more than 25% glass including skylights
- Landscape must be shredded bark or similar (not gravel or rock)
- Shrubbery must be trimmed and weak branches pruned
- Dependant on occupancy – primary or seasonal

The following applied specifically to Protection Class 10 properties:

- Occupancy, primary or secondary
- Distance to fire department
- General accessibility of property
- Visible to neighbors
- Year-round access
- Limited Coverage A protection available
- Alternative water source
- Supplemental heating

The respondents also noted the following issues related to the underwriting process and criteria changes.

- None of the companies identified homeowners or a specific risk profile within the homeowners line that they were not renewing
- Companies indicated an increase in claim costs from water damage and mold prevention
- Companies noted an increase in the frequency of claims associated with ice dams, roof collapse or damage, and theft
- Companies acknowledged that they review prior claims experience and changes to risk exposure as part of the renewal reviews

The following table shows the results by territory for tenants insurance premium rates for the period 2000 through 2003.

Table 34 - Tenants Insurance Premium Trend 2000-2003

<i>Territory</i>	<i>Average Premium 2000</i>	<i>Average Premium 2003</i>	<i>Average Increase</i>	<i>Policy Count Increase/(Decrease)</i>
<b>002</b>	\$104	\$123	18.3 %	(1.4 %)
<b>030</b>	\$106	\$119	11.5 %	(15.7 %)
<b>031</b>	\$124	\$142	14.7 %	(15.6 %)
<b>032</b>	\$112	\$128	14.5 %	(11.5 %)
<b>033</b>	\$117	\$144	20.9 %	(4.6 %)

#### Underwriting Rule Changes 2000 to 2003 – Tenants Policies

In response to the question about underwriting criteria changes the following rule changes were noted by the respondents.

- The minimum and maximum levels of personal property coverage (Coverage C) were redefined; the minimum level was generally increased to between \$20,000 and \$30,000.
- Theft and lightning damage to appliance claims increased in frequency.
- The renewal process includes a review of prior claims and changes to the risk exposure.
- Most companies indicated renewals are processed on an automated basis.
- Certain companies imposed a maximum limit of \$100,000 on personal property coverage.

Of particular note is that during the five year period ending December 31, 2002, the leading writer of homeowners/tenants insurance, York Insurance Company, experienced a 6.2% market share decrease from 22% in 1998 to 15.8% in 2002. The next four leading writers of this line reported an aggregate market share decline of 0.1% over the same period.

The average premium determined from the survey data and the rate increases filed and approved by the Bureau over the period commencing January 2000 and ending August 2003, are comparable (within a 10% deviation) with the exception of York Insurance Company. In the latter case the increase in average premium per the survey exceeds the compounded increase calculated from the rate filings by over 25%. This differential can be indicative of significant changes in the insurance coverage provided and may be the product of increases to property values and other coverage limits. Many of the underwriting rule changes previously noted are attributable to the market leader, York.

Companies were also asked to provide base prices and comparisons for commercial coverage including general contractors, roofers, garage-owners, and apartment owners' for the period 2000 and 2003. Identification of the specific insurance provided was made possible through the use of ISO class codes.

Table 35 identifies the percentage of surveyed companies offering specific commercial coverages in the Maine market.

Table 35 – Specific Commercial Coverages

<b>Bar</b>	6%
<b>Taxi/Livery Service</b>	12%
<b>Fishing Industry</b>	18%
<b>Marinas</b>	24%
<b>Commercial Trucking (Long Haul)</b>	29%
<b>Campground/Hunt/Fishing Camp</b>	29%
<b>Roofer</b>	35%
<b>Daycare</b>	41%
<b>Small Manufacturer</b>	47%
<b>Bed &amp; Breakfast</b>	53%
<b>Garage Owner</b>	53%
<b>New/Used Car Dealer</b>	53%
<b>Condominium Association</b>	59%
<b>Restaurant/Restaurant With Bar</b>	59%
<b>Commercial Trucking (Local)</b>	59%
<b>Boiler &amp; Machinery</b>	59%
<b>Completed Operations</b>	71%
<b>Apartment Owner</b>	71%
<b>Plumber</b>	76%
<b>Sheet Rocker</b>	76%
<b>Snowplow/Gardener</b>	76%
<b>Retailer</b>	76%
<b>Convenience Stores</b>	76%
<b>Carpenter</b>	76%

Insurance prices for commercial insurance are difficult to compare as the risk elements insured have a greater tendency to change as the business changes. In addition, an insurer may change its

risk appetite within a particular category, making direct price comparison inappropriate. For purposes of price comparisons, significant price increases or decreases are assumed to be the result of a change in the risk characteristics and have been excluded from the data compiled. For this same reason, direct price comparisons between companies are difficult since the coverage provided is not directly comparable.

The degree of increase for an individual company is dependent on the adequacy of the base rate. For example, Company A with a base rate of \$100 in 2000 has increased the base by 200% to \$300 in 2003; Company B with a base rate of \$200 in 2000 has increased its premium 50% to \$300 in 2003. Therefore, on a simple average basis the percent increase will be reported as 125%. Price comparisons for commercial insurance have assumed simple averages in providing overall price changes.

Companies surveyed were requested to provide base prices, by class of general contractor, for 2000 and 2003. The average price increase for contractors insurance was approximately 35%. See Table 36 for the average price increases, by class of business, in which the price change was greater than 35%.

Table 36 – Average Price Increase: General Contractors

<i>Class of Business</i>	<i>Average Price Increase 2000 - 2003</i>
<i>Contractors – Subcontracted Work</i>	49%
<i>Excavation</i>	41%
<i>Interior Decorating</i>	59%
<i>Landscaping/Gardening</i>	51%
<i>Plastering/Stucco</i>	52%
<i>Plumbing – Commercial</i>	46%
<i>Plumbing – Residential</i>	55%
<i>Septic Tank, Cleaning</i>	41%
<i>Septic Tank, Installation Or Repair</i>	40%
<i>Sheet Metal Work</i>	40%

In response to questions about underwriting changes during the review period the respondents provided the following items.

- A decreased preference for the general contractor, with a preference for artisans or skilled workers
- For new business policies [for contractors], three years of related-business experience was generally required, preferably in a supervisory or management capacity.
- With regard to loss control programs, the following was noted:
  - One company indicated they had conducted a 10-hour OSHA regulated general contractor safety program.

- One company indicated they offer and deliver control services including job site inspections and assistance with insureds' safety programs.
- Other companies indicated they provide general loss-control services, but provided no specifics.

Most notable was that few companies are willing to underwrite insurance coverage for roofers, however from the responses we were able to observe the following points.

- Two companies indicated they offer coverage on an accommodation basis in conjunction with other products sold
- Two companies indicated they had no specific roofers program, but may offer roofers coverage under their general contractor programs
- The price increase, for those companies willing to provide this coverage, amounted to 18.4% for the period reviewed
- One company responded to the general contractors questions by indicating that they have rates for both commercial and residential roofers coverage (price increase 37%), but responded that they did not write this coverage

Garage-owners insurance includes the following classifications: repair shops, service stations, storage garages, trailer dealerships, and car dealerships. The survey responses identified the following issues for this coverage class.

- Nine companies continue to offer garage-owners insurance
- Two companies have withdrawn or were currently withdrawing from this market. No specifics were provided regarding the withdrawals
- For those that do write this line of insurance the companies indicated paint spray booths for repair facilities must be compliant with the National Fire Protection Association (NFPA) and the property subject to an on site inspection

Apartment or habitational coverage pertains to various-sized apartments and rental dwellings. These include classes based on number of units or number of families. Survey responses yielded the following information for the period between 2000 and 2003:

- The cost of insurance for apartments increased by an average 46.8%.
- The cost of insurance for rental dwellings increased 117.9%.
- The individual price increases reported by the companies ranged from 6% to over 200%, eliminating the extremes the majority of the increase was between 30% and 125%.
- None of the companies provided specific information pertaining to the type of apartment risk they deem acceptable or undesirable.

Changes to underwriting guidelines for this product line included:

- A new business moratorium on buildings more than 25 years old.

- Stopped writing new business for the apartment class; maintained renewals subject to underwriting guidelines.
- De-emphasis on this class of business.
- Guidelines more cautious due to experience.
- Older habitational and one-to-four family dwellings were no longer eligible under business owners' policy; but will write as a commercial multi-peril policy. (This allows the insurer more pricing flexibility.)
- Individual risks subject to evaluation.
- Consider quality accounts.
- Focus on smaller (fewer than 4 unit) properties.
- Eight of the 11 companies who write this type of coverage reported the specific use of inspections or loss-control efforts in evaluating this risk.

For start-up or "new-in-business" risks premium costs are not uniquely identified as such and are combined with other businesses of a similar type.

Nine of the thirteen companies responding to this section of the survey indicated they write this type of insured, provided the insured has a minimum of three years related experience. Approximately one half of these respondents indicated related management experience was essential.

## Maine Cases (Includes Tort & Insurance Law Developments)

Set forth below are brief summaries of leading Maine decisions in the areas of property and casualty insurance and tort law that have been rendered since 2000. While some of these cases were decided in favor of the defense and some in favor of plaintiffs, the Bureau does not discern trends arising from these cases that have adversely affected the market for homeowners and general liability insurance coverages. Acknowledgement is given to the Maine State Bar Association's Legal Year in Review materials for 2000, 2001 and 2002 as a resource for portions of this section.

### Maine Cases — The Duty to Defend

At least a perceived expansion of the responsibility of insurer's duty to defend insureds against third party claims is frequently cited by insurers as a reason for nonrenewal of homeowners and liability insurance coverage. Determinations of a duty to defend even where a duty to indemnify is clearly excluded in cases such as *Elliot v. Hanover*, noted below, are one factor discouraging insurer's from maintaining coverage in force where excluded risks, such as businesses operated out of the home, are present.

Historically, a long line of Maine Law Court decisions dating back at least 30 years have indicated that a determination as to whether or not an insurer has a duty to defend its insured against claims of a third party is resolved by comparing the complaint with the terms of the insurance contract. If the allegations in the underlying tort action are within the risk insured against and there is any potential basis for recovery, the insurer must defend regardless of the actual facts on which the insured's ultimate liability may be based. *Gibson v. Farm Family Mutual Insurance Company*, 673 A.2d 1350 (1996)

In *Maine State Academy of Hair Design, Inc. v. Commercial Union Ins. Co.*, 699 A.2d 1153 (1997) it was alleged that a female employee of the Academy had been sexually harassed during her employment by two company officials. The Academy's CGL policy contained an exclusion for "bodily injury to an employee of the insured arising out of and in the course of employment by the insured". Even though the plaintiff's complaint didn't mention any sexual harassment outside the workplace, the Court found a duty to defend by focusing on what plaintiff might be able to show at trial.

*York Insurance Group of Maine v. Lambert*, 1999 ME 173, 740 A.2d 984 involved the question of whether a homeowner's insurer had a duty to defend the homeowner against the claim that he had interfered with the expectancy of an inheritance. It has been generally accepted law in Maine for a number of years that an allegation of emotional distress in a plaintiff's complaint creates a sufficient claim of bodily injury to trigger a duty to defend. In *Lambert*, a 4-3 decision, the Court found that an allegation of emotional distress was inherently contained in the claim of interference with the expectancy of an inheritance even though the plaintiff had not alleged emotional distress in pleadings. Thus the insurer was found to have a duty to defend the claim.

A critical discussion of the Law Court's apparent willingness, as illustrated by *Maine State Hair Academy* and *Lambert* cases, to go beyond the traditional comparison test in duty to defend cases

is “Wrestling with the Duty to Defend in Maine” by John S. Whitman, Esq. contained in the Maine State Bar Association’s “Are My Clients Covered?” continuing education seminar of March 2001, pp. 71-97.

*Warren Elliot v. The Hanover Insurance Company*, 711 A.2d 1310, 1998 ME 138 involved a situation wherein a homeowner’s insurer was held to have a duty to defend its insured, who was operating a scrap metal business from his home, against the bodily injury claim of a customer despite the presence of a business use exclusion in the policy.

In a June 2003 decision, however, the Law Court did find that an insurer had no duty to defend one count of a complaint because the plaintiff alleged conduct that fell with the scope of an intentional acts exclusion in a homeowners policy. *Korhonen v. Allstate Insurance Company*, 2003 ME 77, 827 A.2d 833. A mother, on behalf of a minor child, alleged in her complaint that a stepmother had negligently inflicted emotional distress on the child, first, by failing to learn that the father had engaged in sexual acts with the child and secondly by verbally blaming, admonishing, and degrading the child and accusing her of lying. The Law Court found these allegations to be allegations of intentional acts. Therefore Allstate had no duty to defend the stepmother because its’ homeowners policy contained an intentional acts exclusion. Allstate was found, however, to have a duty to defend the stepmother against a claim of negligent supervision of the child.

## **Maine Insurance Cases**

### **Homeowner’s Insurance-Intentional Acts Exclusion**

*Royal Insurance Co. v. Pinette et al.*, 2000 ME 155 756 A.2d 520. This case affirmed a Superior Court judgment determined that Royal Insurance Company was not obligated to indemnify the estates of three persons shot and killed by Sabato Raia, Royal’s insured, due to the intentional acts exclusion of the homeowners policy Royal had issued to Mr. Raia. This case had been submitted to the Court upon a set of stipulated facts including the stipulation that Mr. Raia intended or expected to a practical certainty that death or serious bodily injury would result when he shot the three decedents.

### **Insurance-Binders**

*Pine Ridge Realty Inc. v. Massachusetts Bay Insurance Co.* 2000 ME 100 752 A2d 595. A property insurance loss occurred after a binder had been issued but before a policy was issued. The Court held that coverage is subject to all of the terms of the insurer’s policies mentioned in the binder. Therefore the insurer properly was able to rely upon an applicable policy exclusion in denying coverage despite the lack of mention of exclusions in the binder.

**Insurance-Employee Dishonesty Coverage**, *Acadia Ins. Co. v. Kaiser Industries, Inc.* 202 ME 57, 793 A.2d 495. The insured company’s President was found by the Board of Directors to have engaged in misconduct, but was not discharged by the company. The insured provided no notice to the insurer about the President’s actions. A year later the President was found by the Board to have continued to engage in misconduct. A proof of loss was filed by the company for



all sums. The Law Court held that coverage was cancelled as of the time of the Board's first discovery of misconduct. Furthermore, by failing to give timely notice of the claim upon first learning of the misconduct, the Board had prejudiced Acadia's ability to recover against the President, who by then had dissipated his assets.

### **General Liability Insurance-Assault and Battery Exclusion**

*Douglas Mallar v. Penn-America Insurance Company* 2003 ME 143. Insurer of a pub was held to have no duty to indemnify a pub patron who had witnessed a shooting in the pub and had been sprayed with the blood of the bartender due to an "assault and battery" exclusion in the general liability policy issued to the pub.

### **Insurance-Fraudulent Misrepresentation by Insurer**

*St. Francis de Sales Federal Credit Union v. Sun Ins. Co. of New York*, 2002 ME 127, 818 A.2d 995. Insurer insured an armored car company for certain losses related to the armored car company's business. The policy excluded coverage for theft from lock boxes by persons who gained access to the lock boxes without a key. Nevertheless, the insurer certified to the plaintiff credit union that it insured the armored car company for loss of property of its customers "from any cause". The lock box was subsequently broken into by a thief. The Law Court concluded that there were sufficient facts to allow plaintiff's fraud claim to go to the jury and to allow the resultant compensatory damage award, but not a punitive damage award stand.

### **Insurance-Knowledge of Agent Binding on Insurer**

*County Forest Products, Inc. v. Green Mountain Agency, Inc. et al.* 2000 ME 161 758 A2d 20. Surplus lines insurers for commercial coverage upon a sawmill were held liable for negligent acts of an insurance agent in failing to secure increased policy limits and for bad faith claim handling.

### **Insurance-Cause of action for nonpayment of claims**

*Lavoie v. Middlesex Mutual Assurance* 2002 US Dist. LEXIS 6411 (D. Me Apr. 12, 2002). The U.S. District held that an insured's proper cause of action for a homeowners insurer's failure to pay a claim lay in breach of contract, not in tort. The duty of good faith and fair dealing was viewed as an element of the insurer's contractual duty to the insured.

### **Insurance-Effective Date of Policy Amendments**

In *Gilbert v. Gilbert v. Hanover Insurance Company*, 2002 ME 67, 796 A2.d 57, certain coverages of a homeowners policy had been increased by Hanover. The amended declarations page that Hanover issued stated that the changes were effective on June 29, 1998. Mr. Gilbert unsuccessfully attempted to have the increased coverages applied to losses arising out of a fire that occurred on May 31, 1998.

### **Insurance-Late payment of claims**

*Rankin v. Right On Time Moving & Storage*, 2002 U.S. District LEXIS 8151 (D. Me. Mar. 25, 2002). The U.S. District Court, among addressing many other issues in this case, rejected an insurer's argument that under Maine's late payment of insurance claims statute, 24-A M.R.S.A. §2436, could not apply in circumstances wherein an insurer does nothing upon receipt of a proof of loss.

### **Rescission of Coverage for Misrepresentation**

In *York Insurance Company v. Bowman*, 2000 ME 27, 746 A.2d 906, the Law Court vacated and remanded a Superior Court judgment in favor of an insured. The Court held that the material misrepresentation prong of 24-A M.R.S.A §2411 was too narrowly determined by looking only at whether the misrepresentations related to the cause of a subsequent loss. The appropriate query was whether or not a reasonable insurer would have accepted or rejected the risk of entering into an insurance contract or would have fixed a higher premium or a different coverage amount.

### **Subrogation**

In *Acadia Insurance Company v. Buck*, 2000 ME 154, 756 A.2d 515, the Law Court found that an insurance procurement clause in a construction contract created an implied waiver of subrogation. Many construction contracts also contain a waiver of subrogation clause. This was the first time that Maine's Law Court had considered an insurance procurement clause absent a waiver of subrogation clause.

*North River Insurance Co. v. Snyder*, 2002 ME 146, 804 A.2d 399. In reply to a certified question from the U.S. District Court, the Law Court, in a split decision, held that a residential tenant is not liable in subrogation to the landlord's insurer for damages paid as a result of a fire, absent an express agreement in a written lease. In so doing, the Court adopted the "implied co-insured doctrine" already recognized in other jurisdictions. This implied waiver of subrogation was valid even though the lease expressly provided that the "tenant must promptly provide full reimbursement to the landlord" for losses to the landlord caused by the tenant. The Court expressly reserved judgment on whether or not the principle set forth in this case would control in a commercial context.

## **Maine Cases—Tort Cases**

### **Bad Faith**

In *Stull v. First American Title Insurance Company*, 2000 ME 21, 745 A.2d 875 the Law Court held, in accordance with precedent, that in order to recover compensatory damages for emotional distress and punitive damages for breach of an insurance contract, the plaintiff must prove that the insurer engaged in tortious conduct independent of the breach of contract itself.

### **Damages**

In *Snow v. Vilacci*, 2000 ME 127, 754 A.2d 360, the Law Court held that future lost earning opportunities could be compensable in negligence case subject to certain criteria.

*Newbury v. Virgin*, 2002 ME 119, 802 A.2d 413. Finding plaintiff's evidence insufficient, the Law Court upheld the Superior Court's setting aside of that portion of a jury verdict of \$52,000 for lost profits and earnings. The Law Court did conclude that plaintiff was entitled to \$1,050 for lost profits under the facts of the case. A \$25,000 punitive damage award was allowed to stand.

### **Defamation**

*Rice v. Alley*, 2002 ME 43, 791 A.2d 932. The Law Court reversed a lower court decision which had allowed compensatory damages to a plaintiff in a defamation action. Plaintiff was suspected of manipulating prizes in Bingo games run by the ladies auxiliary of an Elks Club. The ladies auxiliary considered the investigation of this matter. Defamatory statements allegedly made by defendant in closed door meetings of the auxiliary were considered "conditionally privileged" and actionable only if made outside of normal channels or with malicious intent.

### **Intentional and Negligent Infliction of Emotional Distress**

*Bryan R. v. Watchtower Bible and Tract Society of New York, Inc.*, 1999 ME 144, 738 A.2d 839, involved a situation in which plaintiff alleged that a sexual abuser was a member of a church congregation and that church officials were aware of that member's past. The Law Court, following an earlier decision, upheld a dismissal of emotional distress claims, finding that allowing plaintiff to bring them would inappropriately interject the Court into ecclesiastical matters.

In *Carter v. Williams*, 2002 ME 50, 792 A.2d 1093, the Law Court considered the question of claims for negligent infliction of emotional distress in the context of Maine's Wrongful Death statute. This case involved a situation where a 5 year old child was killed by rocks flying off defendant's truck and breaking the windshield of the following car. The child's mother was driving the car and the father and the 5 year old's sibling were passengers. The Court held that the parent's claim for negligent infliction of emotional distress were included within amounts which the parents recovered under the Wrongful Death statute and couldn't be maintained separate from that statute. The sibling, however, was entitled to a recovery on her emotional distress claim as she was not an eligible beneficiary under the Wrongful Death statute.

*Curtis v. Porter*, 2001 ME 158, 784 A.2d 18. Plaintiff was a pizza delivery person who was assaulted and robbed of her pizza by two men. Defendant Gagne was present when the robbery was planned but did not participate in it. Plaintiff sued the two men and Gagne. The Law Court held that plaintiff had pleaded sufficient facts for her claim against Gagne of intentional infliction of mental distress to survive a motion for summary judgment, but upheld a grant of summary judgment for defendant Gagne on a negligent infliction of emotional distress claim. The court noted that there is no general duty to avoid causing emotional harm to others except in limited circumstances not present in this case. .

### **Negligence and Premises Liability**

In *Young v. Libby*, 1999 ME 139, 737 A.2d 1071, a lead paint poisoning case, the Law Court upheld a jury verdict which had found that a landlord had no duty to warn tenant of a hidden defect or had no knowledge of the potential exposure where the lead paint had been coated by two coats of non-lead paint and there was a favorable report from a housing authority inspector.

*Budzko v. One City Center* 2001 ME 37, 767 A2d 310. The question was whether the owner of an office building had a duty to take precautions to make the premises safe during a snow and ice storm. The Court found such a duty to exist and upheld a verdict in the plaintiff's favor.

*Mastriano v. Blyer* 2001 ME 34, 779 A2d 951 The Law Court found that a taxi driver did not have a duty not to drop off an intoxicated customer near the customer's car. The Court declined to expand Maine law to include an *in loco parentis* type of responsibility on the taxi driver to intervene in the intoxicated passenger's life to ensure that the passenger did not harm himself or herself after the driver had given the passenger a safe exit from the taxi.

*Chiu v. City of Portland*, 2002 ME 8, 788 A.2d 183 presented the Law Court an opportunity to consider the rule that a landlord is not liable to a tenant for personal injuries caused by a defective condition in the portion of an apartment building under the tenant's exclusive control in the context of a situation wherein tenant's child fell through a window which had been previously cited by the building inspector and with respect to which the tenant had previously complained to the landlord. The Law Court found windows to be analogous to the exterior of a building and not within the exclusive control of the tenant.

In *Stewart v. Aldrich*, 2002 ME 16, 788 A2d 603 the Court considered plaintiffs' claim that a landlord had breached a duty to ensure that the leased premises did not contain any dangerous conditions. Plaintiffs were parents of a 7 year old child who had been bitten by a dog owned by another tenant. The same dog had previously attacked another child. Superior Court had granted summary judgment in favor of defendant. The Law Court upheld the summary judgment ruling that the tenant who owned the dog, not the landlord, had exclusive control over the leased premises.

### **Negligent Supervision**

In *Napieralski v. Unity Church of Greater Portland*, 2002 ME 108, 802 A.2d 391, the Law Court was presented with an opportunity to consider the tort of negligent supervision, heretofore unrecognized in Maine. The Court declined to either accept or reject the existence of this tort, deciding the case on other grounds. A dissent by Chief Justice Saufley joined by Justice Dana suggested that discovery should have been allowed to proceed in the underlying case before motions to dismiss were considered by the trial court. But see *Korhonen v. Allstate Insurance Company*, 2003 ME 77, 827 A.2d 833 (2003), a June 2003 decision in which the Law Court held that Allstate had a duty to defend its insured against a claim of negligent supervision of a child .

### **Proximate Cause**

In three 2000 decisions, the Law Court found that plaintiff's had not provided sufficient evidence that defendant's conduct was the proximate cause of the plaintiff's injuries. *Merriam v. Wanger*,

2000 ME 159 , \_\_\_A.2d \_\_\_\_, *Crowe v. Shaw*, 2000 ME 136, 755 A.2d 509, and *Cyr v. Adamar Associates Ltd. Partnership*, 2000 ME 110, 752 A.2d 603.

## **Maine Property Insurance Cancellation Control Act Appeals**

The Maine Property Insurance Cancellation Control Act, 24-A M.R.S.A. §§3048-3056, provides the ability for insureds who receive notices of cancellation or nonrenewal of homeowners insurance to request a hearing before the Superintendent. 24-A M.R.S.A. §3054. Maine law further provides that Decisions made by the Superintendent in these hearings may be appealed to Superior Court pursuant to Rule 80C of the Maine Rules of Civil Procedure. Seven such appeals have been filed by insurers since 1992. Brief descriptions of each of these cases are set forth below. In four of these cases, the Superintendent's Decision has been upheld by the Court and in three instances it has been reversed.

The Bureau would note the York Insurance Company case involving Mr. and Mrs. Wood and Mr. and Mrs. Hallman which is currently on appeal to the Law Court. If the Superior Court's view of the role of the Bureau with respect to hearings to consider nonrenewals is upheld on appeal, the legitimacy and usefulness of the hearing process would, in the Bureau's view, be subject to serious question.

With respect to commercial property and liability insurance policies, current Maine law provides insureds an opportunity to request hearings before the Superintendent with respect to mid-term cancellations, but not with respect to nonrenewals. There have been no Rule 80C appeals of Decisions of the Superintendent involving cancellation of commercial policies.

### *Vermont Mutual Insurance Company v. Maine Bureau of Insurance et al*

Superior Court (Kennebec) Docket No. CV-92-408 (Mills, J.)

Homeowners Nonrenewal based on prior claim history—

Superintendent's decision in favor of homeowner reversed on appeal.

Superintendent determined to have acted arbitrarily and capriciously in ignoring much of insurers evidence

“It is the insurer's concept of insurability, the acceptability of this particular risk by this particular insurer, which controls.”

### *Prudential Property and Casualty Insurance Company v. Atchinson and Theresa Solak-Eldert,*

Superior Court (Kennebec) Docket No. CV-95-514 (Alexander, J)

Superintendent's Decision in favor of insured upheld on appeal in a summary decision

Homeowners nonrenewal based on alleged laxness of insured's son in keeping bicycle locked and chained.

### *National Grange Mutual Insurance Company v. Superintendent et al,* Superior Court (Kennebec)

Docket No. AP-98-86. (Atwood, J)

Superintendent's Decision in favor of insured upheld on appeal

Homeowner's nonrenewal based on dog bite.

Court upheld Superintendent's decision that there was no increased risk as the insured no longer owned the dog

*Foremost Insurance Company v. Superintendent*, Superior Court (Kennebec) Docket No. AP-00-77 (Studstrup, J)

Superintendent's Decision in favor of insured upheld on appeal  
Mobile home insurance policy nonrenewal based on two claims.  
The Court affirmed the Superintendent's decision that the statement of reason for nonrenewal in the company's notice was not sufficiently explicit.

*Commercial Union York Insurance Company v. Superintendent et al* Superior Court (Cumberland) Docket No. AP-01-031 (Warren, J)

Superintendent's Decision in favor of insured affirmed on appeal.  
Homeowners nonrenewal —reasons in nonrenewal notice relating to specific losses conceded by insurer at hearing to not be a basis for non-renewal.  
Duty to defend argument disallowed by the Court as it was not raised at the administrative level; Court noted, however, that it was an "extremely strong argument".  
Company failed to meet its burden of proof that it faced increased risk due to business on premises notwithstanding a business use exclusion in its policy.

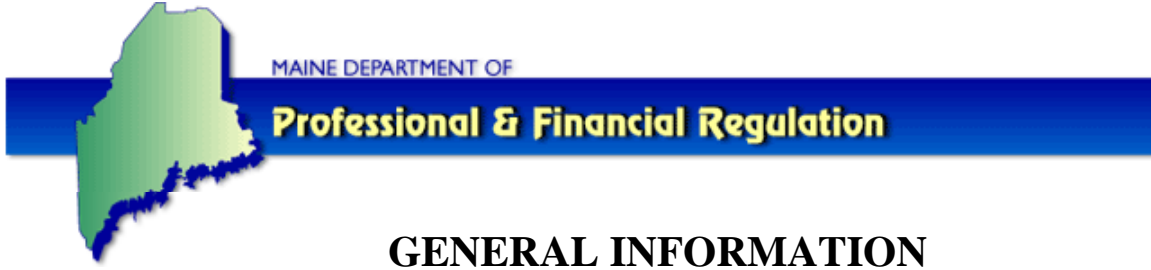
*York Insurance Company v. Maine Bureau of Insurance, Donna Wood and Gregory Wood*, Superior Court (Cumberland) Docket No. AP-02-59; *York Insurance Company v. Maine Bureau of Insurance, Dori Hallman and Carl Hallman*, Superior Court, (Cumberland) Docket No. AP-02-65 (Crowley, J)

Consolidated Order on two appeals  
Superintendent's Decision in favor of insureds reversed on appeal.  
Homeowners nonrenewals of properties with daycare business' on the premises;  
Nonrenewal based on perceived risk of duty to defend despite business use exclusions in policies and the existence of separate commercial insurance policies with respect to the daycare businesses.  
Court noted "It is not the province of the Superintendent ... to determine the level of acceptable risks for an insurance company. ... The purpose of this Act was not to conscript the insurance companies conducting business in Maine and commandeer their autonomous underwriting procedures and principles...".  
The Superintendent has appealed this Decision to the Law Court where it is currently pending

*Middlesex Mutual Assurance Company v. Maine Superintendent of Insurance and Leon and Pamela Baker*, Superior Court (Kennebec) Docket No. AP-02-80 (Marden, J.)

Superintendent's Decision in favor of insureds reversed on appeal.  
Homeowners Nonrenewal based on two heating devices venting into the same flue  
Decision cited favorably 1993 Vermont Mutual Decision wording, "It is the insurer's concept of insurability, the acceptability of this particular risk by this particular insurer, which controls" and found that the insurer met its burden of presenting a rationally related reason for nonrenewal.

Appendix B – Survey  
Producers



**GENERAL INFORMATION**

This survey includes all Property and Casualty insurance business in the State of Maine. Questions pertain to both personal and commercial business unless specified otherwise.

*(Information gathered in the entire questionnaire will be **afforded confidential treatment**. Material will only be reported in aggregate)*

1. Agency Name: \_\_\_\_\_
2. Respondent Name: \_\_\_\_\_
3. Address: \_\_\_\_\_  
\_\_\_\_\_
4. Telephone #: \_\_\_\_\_
5. E-mail address: \_\_\_\_\_
6. County(ies) covered by your agency:

(Check boxes of counties that apply)

- |                                       |                                    |
|---------------------------------------|------------------------------------|
| <input type="checkbox"/> Androscoggin | <input type="checkbox"/> Aroostook |
| <input type="checkbox"/> Cumberland   | <input type="checkbox"/> Franklin  |
| <input type="checkbox"/> Hancock      | <input type="checkbox"/> Kennebec  |
| <input type="checkbox"/> Knox         | <input type="checkbox"/> Lincoln   |
| <input type="checkbox"/> Oxford       | <input type="checkbox"/> Penobscot |
| <input type="checkbox"/> Piscataquis  | <input type="checkbox"/> Sagadahoc |
| <input type="checkbox"/> Somerset     | <input type="checkbox"/> Waldo     |
| <input type="checkbox"/> Washington   | <input type="checkbox"/> York      |

Questions 7 to 22 pertain to the Standard Market. Questions 23 to 27 pertain to the Surplus Lines Market.



## STANDARD MARKET

*(Responses in this section should be limited to your agency experience in the standard marketplace. There is a separate section discussing the “excess” or surplus lines marketplace following this section)*

7. Total agency premium volume – standard market (approx.): \_\_\_\_\_
8. Please indicate the products offered through your office.

Personal Lines *(Check boxes of lines offered)*

- |   |   |
|---|---|
| <input type="checkbox"/> Automobile       | <input type="checkbox"/> Homeowner            |
| <input type="checkbox"/> Condominium      | <input type="checkbox"/> Apartment            |
| <input type="checkbox"/> Umbrella         | <input type="checkbox"/> Recreational Vehicle |
| <input type="checkbox"/> Gentleman’s Farm | <input type="checkbox"/> Mobile home          |
| <input type="checkbox"/> Trailer Park     |   |

Commercial Lines *(Check boxes of lines offered)*

- |   |   |
|---|---|
| <input type="checkbox"/> Bed & Breakfast                        | <input type="checkbox"/> Convenience Stores <i>(single owner)</i> |
| <input type="checkbox"/> Plumber                                | <input type="checkbox"/> Carpenter                                |
| <input type="checkbox"/> Sheet Rocker                           | <input type="checkbox"/> Roofer                                   |
| <input type="checkbox"/> Snowplower/Gardener                    | <input type="checkbox"/> Restaurant/Restaurant with Bar           |
| <input type="checkbox"/> Garage Owner                           | <input type="checkbox"/> Campground/Hunt/Fish Camps               |
| <input type="checkbox"/> Marinas                                | <input type="checkbox"/> Small Manufacturer                       |
| <input type="checkbox"/> Retailer                               | <input type="checkbox"/> Bar                                      |
| <input type="checkbox"/> Commercial Trucking <i>(long haul)</i> | <input type="checkbox"/> Commercial Trucking <i>(local)</i>       |
| <input type="checkbox"/> Completed Operations                   | <input type="checkbox"/> Boiler & Machinery                       |
| <input type="checkbox"/> Daycare                                | <input type="checkbox"/> Fishing Industry                         |
| <input type="checkbox"/> Condominium Association                | <input type="checkbox"/> New/Used Car Dealer                      |
| <input type="checkbox"/> Taxi/Livery Service                    | <input type="checkbox"/> Apartment                                |

9. How many companies are represented by your office? \_\_\_\_\_

10. How many provide personal lines insurance? \_\_\_\_\_

11. How many provide commercial lines insurance? \_\_\_\_\_

12. How many provide both commercial & personal lines insurance? \_\_\_\_\_

13. Please list the Standard Companies you represent.

- |          |           |
|----------|-----------|
| 1. _____ | 7. _____  |
| 2. _____ | 8. _____  |
| 3. _____ | 9. _____  |
| 4. _____ | 10. _____ |
| 5. _____ | 11. _____ |
| 6. _____ | 12. _____ |

14. Has your agency been newly appointed to represent a Company?

Yes  No; If yes, what is the focus of the new carrier?

\_\_\_\_\_

15. Has any appointment been withdrawn?  Yes  No; If yes, why? \_\_\_\_\_

\_\_\_\_\_

16. Have any of the companies you represent withdrawn from any market segments?

Yes  No ; If yes, which markets?

- |          |           |
|----------|-----------|
| 1. _____ | 6. _____  |
| 2. _____ | 7. _____  |
| 3. _____ | 8. _____  |
| 4. _____ | 9. _____  |
| 5. _____ | 10. _____ |

17. Have any of the insurance products provided through your office experienced significant price increases (10% or more per year) over the last three years?

Yes  No

If yes, please identify the product and approximate percent increase.

	<u>Product</u>	<u>% Increase</u>
1.	_____	_____%
2.	_____	_____%
3.	_____	_____%
4.	_____	_____%
5.	_____	_____%
6.	_____	_____%
7.	_____	_____%
8.	_____	_____%
9.	_____	_____%
10.	_____	_____%

18. Have any of the products offered been subject to significant changes in underwriting rules/guidelines with regard to class eligibility?

Yes  No

If yes, please specify the product & eligibility change.

	<u>Product</u>	<u>Eligibility Change</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

19. Has your office been unable to obtain insurance coverage for a customer for any risk over the past three years?  Yes  No;

If yes, please identify the type of risk and reason.

	<u>Product Type</u>	<u>Reason</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

20. In your opinion what segment(s) of the market is it most difficult to obtain insurance protection for?

	<u>Segment of Market</u>
1.	_____
2.	_____
3.	_____
4.	_____
5.	_____

21. With regard to homeowners protection, please provide the following information:

*Please note the degree to which the issue is considered in **securing and/or maintaining insurance coverage with your carriers (circle number):***

**SCALE**

1 = Not an issue    2 = Issue with 25% of Companies    3 = Issue with 50% of Companies  
 4 = Issue with 75% of Companies    5 = Issue with all Companies

Maintenance	1	2	3	4	5
Electric Service	1	2	3	4	5
Pool with diving board	1	2	3	4	5
Pool without diving board	1	2	3	4	5
Trampoline	1	2	3	4	5
Dog(s)	1	2	3	4	5
Claims history	1	2	3	4	5
Coastal location	1	2	3	4	5
Protection Class 10	1	2	3	4	5
Protection Class 9	1	2	3	4	5
In-law apartment	1	2	3	4	5
Multi family dwelling	1	2	3	4	5
Attached garage	1	2	3	4	5
Waterfront	1	2	3	4	5
Private road	1	2	3	4	5
Fireplace/Wood Stove	1	2	3	4	5
Construction type:					
_____ (specify)	1	2	3	4	5
Age over 50 years	1	2	3	4	5
Age over 75 years	1	2	3	4	5
Age over 100 years	1	2	3	4	5
Smoke Alarms	1	2	3	4	5
Burglary Alarms	1	2	3	4	5
Other- please list:					
_____	1	2	3	4	5
_____	1	2	3	4	5



## **SURPLUS LINES MARKET**

*(Responses in this section should be limited to your agency's experience in the "excess" or surplus lines marketplace)*

*Check Box if the section is not applicable to your agency.*

23. Total agency premium volume – surplus lines (approx.): \_\_\_\_\_

24. Please list the Surplus Lines Companies your office represents.

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. \_\_\_\_\_

25. The surplus lines market has experienced significant premium growth over the past three years. Please indicate below the products and classes where you have seen increases in surplus lines activity.

	<u>Product</u>	<u>Class</u>	<u>Est. Premium % Increase</u>
1.	_____	_____	_____ %
2.	_____	_____	_____ %
3.	_____	_____	_____ %
4.	_____	_____	_____ %
5.	_____	_____	_____ %

26. In your opinion what segment(s) of the market is it most difficult to obtain insurance protection for?

Segment of Market

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

27. Are there insurance risks that are hard or impossible to place in the excess market?  Yes  No; If yes, please specify the risk & related issues

Risk Type

Issue

- |          |       |
|----------|-------|
| 1. _____ | _____ |
| 2. _____ | _____ |
| 3. _____ | _____ |
| 4. _____ | _____ |
| 5. _____ | _____ |

28. Please provide any additional information you want to share that had not been addressed by this questionnaire: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*(End of Questionnaire... Thank You for Participating)*



SMS  
Strategic Marketing Services

A DIVISION OF  
PAN ATLANTIC  
CONSULTANTS

REPORT TO

THE MAINE BUREAU OF INSURANCE

RESIDENTIAL AND BUSINESS INSURANCE SURVEY

PREPARED BY  
STRATEGIC MARKETING SERVICES

A Division of Pan Atlantic Consultants

September 2003

Public Opinion Research, Feasibility Studies, Product/Concept Studies, consumer Analysis

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## Appendix A – Survey Instruments

## **I. EXECUTIVE SUMMARY**

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### **RESIDENTIAL SURVEY**

#### **Homeowners/Renters Insurance:**

**While the majority of respondents currently have a homeowners/renters insurance policy, only a small percentage have had problems securing or maintaining their coverage.**

- A total of 326 respondents (81.5%) currently have a homeowners/renters policy or have had such a policy in the past three years.
- Only a very small percentage of respondents had a homeowners/renters insurance policy that was non-renewed (2.8%) or cancelled (0.9%) in the past three years. In addition, few respondents were denied coverage (3.1%) in that time.
- Some of the top reasons respondents gave as to why they had a homeowners/renters policy cancelled or non-renewed or why they were denied coverage include that their property is seasonal, that they have a wood stove, the age of their property, or that they have a dog.

**A strong majority of respondents agree that homeowners/renters insurance is becoming expensive, and many have experienced a large increase in their premiums over the past three years.**

- Nearly two-thirds of respondents (63.9%) either “agree” (44.1%) or “strongly agree” (19.8%) that homeowners/renters insurance is becoming expensive. Fifteen percent of those polled (15.4%) either “disagree” (15.1%) or “strongly disagree” (0.3%) that homeowners/renters insurance is becoming expensive, and 18.5% of those polled “neither agree nor disagree” with this statement.
- Over sixty percent (61.1%) of respondents reported an increase in their homeowners/renters insurance premium over the past three years. While 23.1% of those surveyed stated that their homeowners/renters premium had remained about the same over the past three years, only 1.2% reported a decrease in their homeowners/renters insurance premium in that time.
- While approximately four in ten of respondents whose premiums have increased in the past three years could explain why their insurance increased, 24.2% indicated that their insurance has gone up without any change in coverage and 31.3% said that they are unsure of why their insurance premiums have increased.

#### **Personal Auto Insurance:**

**Nearly 100.0% of respondents currently have a personal auto insurance policy. While the percentages of respondents who have had problems securing or maintaining personal auto insurance are quite low, the percentages are slightly higher than what was found for homeowners/renters insurance.**

## I. EXECUTIVE SUMMARY

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- A total of 395 respondents (or 98.8% of the total sample) have had a personal auto policy in the past three years.
- Only a very small percentage of respondents had a personal auto insurance policy that was non-renewed (2.3%) or cancelled (5.1%) in the past three years. In addition, few respondents were denied coverage (3.0%) in that time.
- Some of the top reasons respondents gave as to why they had a personal auto policy cancelled or non-renewed or why they were denied coverage include traffic violations, prior claims, non-payment of premium, or insuring a youthful driver.

**The majority of respondents agree that personal auto insurance is becoming expensive. In addition, most respondents have experienced an increase in their personal auto premiums over the past three years.**

- Over seventy percent of respondents (71.4%) either “agree” (41.8%) or “strongly agree” (29.6%) that personal auto insurance is becoming expensive. Nine percent of those polled (8.5%) either “disagree” (8.2%) or “strongly disagree” (0.3%) that personal auto insurance is becoming expensive, and 16.1% of those polled “neither agree nor disagree” with this statement.
- More than sixty percent (60.8%) of respondents reported an increase in their personal auto insurance premium over the past three years. While 21.4% of those surveyed stated that their personal auto premium had remained about the same over the past three years, only 4.6% reported a decrease in their personal auto insurance premium in that time.
- One-half of respondents (50.0%) do not have a specific reason for why their personal auto insurance premium has increased: 22.3% stated that they have not changed coverage but their premium goes up every year and 27.7% said that they do not know why their premium has increased.

### **Recreational Vehicle Insurance:**

**A minority of respondents have had recreational vehicle insurance over the past three years. Of these, few have had problems securing or maintaining their coverage.**

- A total of 47 respondents, or 11.8% of the total sample, have had a recreational vehicle policy in the past three years.
- None of these 47 respondents were denied coverage for recreational vehicle insurance in the past three years nor did any have a recreational vehicle policy that was cancelled in that time.
- One respondent (2.1%) stated that they had a recreational vehicle policy that was non-renewed in the past three years, and the reason for this non-renewal was an accident.

## I. EXECUTIVE SUMMARY

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**Respondents generally agree that recreational vehicle insurance is becoming expensive, and many respondents have experienced an increase in their recreational vehicle premium over the past three years.**

- More than one-half of the 43 current recreational vehicle policy holders (51.1%) either “agree” (30.2%) or “strongly agree” (20.9%) that recreational vehicle insurance is becoming expensive. Fourteen percent of those polled (14.0%) “disagree” that recreational vehicle insurance is becoming expensive, and 23.3% of those polled “neither agree nor disagree” with this statement.
- Nearly four in ten of these respondents (39.5%) reported an increase in their recreational vehicle insurance premium over the past three years. While 37.2% of those surveyed stated that their recreational vehicle premium has remained about the same over the past three years, only 2.3% reported a decrease in their recreational vehicle insurance premium in that time.
- A majority of respondents who cited an increase in their recreational vehicle insurance premium did not know why the premium had increased. Over forty percent (41.2%) stated they simply do not know the reason why their premium has increased, and another 41.2% said that they have not made any changes but the premium continues to increase each year.

### **Personal Umbrella Insurance:**

**Only approximately one in ten respondents has had personal umbrella insurance over the past three years. Of these, few have had problems securing or maintaining their coverage.**

- A total of 39 respondents (or 9.8% of the total sample) have had a personal umbrella policy in the past three years.
- None of the 39 respondents have been denied coverage for a personal umbrella policy in the past three years. Only one respondent each has had a personal umbrella policy that was non-renewed (2.6%) or cancelled (2.6%) in the past three years.

**A majority of respondents do not agree that personal umbrella insurance is becoming expensive. In addition, of the respondents who have a current policy, many have not had a change in their premium during the past three years.**

- Twenty-two percent (21.6%) of respondents either “agree” (18.9%) or “strongly agree” (2.7%) that personal umbrella insurance is becoming expensive. Thirty percent of those polled (29.7%) “disagree” that personal umbrella insurance is becoming expensive, and 35.1% of those polled “neither agree nor disagree” with this statement.

## **I. EXECUTIVE SUMMARY**

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- Nearly one-half of the 37 respondents with a current personal umbrella policy (45.9%) indicated that their personal umbrella insurance premium has remained the same over the past three years. Nearly one-third (32.4%) do not know what their premium has been or is currently. Only 16.2% of respondents indicated that the premium for their personal umbrella policy has increased in the past three years.

### **BUSINESS SURVEY**

**General liability and automobile insurance policies are the most common types of insurance which the businesses surveyed maintain. Few businesses have experienced problems with availability, as most have been able to secure and maintain their business-related insurance policies.**

- Eighty-three percent (83.0%) of businesses surveyed stated that they have general liability insurance and 47.0% reported having automobile insurance. Other types of business insurance policies held by respondents include contractor's liability insurance (19.0%), umbrella insurance (16.0%), and habitational insurance (13.0%).
- Six of the 83 respondents (7.2%) who said that their business has general liability insurance indicated that they have had a general liability policy that was non-renewed in the past three years, and one respondent has had a general liability policy cancelled in that time. Two of the 19 respondents whose business is covered by contractor's liability insurance (10.5%) said that their policy was non-renewed in the past three years. Of the 47 respondents with company automobile policies, only one respondent each indicated that the automobile policy non-renewed (2.1%) or cancelled (2.1%) in the past three years.
- None of the businesses surveyed have been denied coverage for, or had a habitational or umbrella insurance policy that was non-renewed or cancelled in the past three years.
- The primary reason businesses had policies that were either non-renewed or cancelled was that their insurance company was "no longer writing that line of insurance".

**Respondents generally agree that business insurance policies are becoming expensive with the exception of umbrella policies. In addition, most businesses have experienced a significant increase in their insurance premiums over the past three years.**

- Of the five different types of business insurance examined, current automobile policy holders are more likely than policy holders of other types of insurance to "agree" or "strongly agree" that "automobile insurance is becoming expensive" (mean = 4.02).
- Habitational insurance policy holders also tend to agree that this type of insurance is becoming expensive (mean = 3.85), followed by contractor's liability (mean = 3.84) and general liability (mean = 3.20).

## I. EXECUTIVE SUMMARY

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- Current umbrella policy holders appear the most satisfied with their current premium, as three-quarters (75.0%) of the 16 respondents indicated that they “neither agree nor disagree” that “umbrella insurance is becoming expensive”. The overall mean for this type of insurance is the lowest of the five types of business insurance policies examined (mean = 3.00).
- Eighty-two percent (81.9%) of the 83 respondents whose businesses have general liability insurance reported an increase in their premium over the past three years, with 26.5% experiencing an increase of 25% or more.
- Similarly, 84.2% of the 19 respondents with contractor’s liability experienced an increase in premium over the past three years, with 52.6% reporting an increase of 25% or more.
- Umbrella policy premiums appear to be the most stable of the insurance policies examined, as half of the 16 respondents with this type of insurance have not experienced a change in their premiums over the past three years.
- The vast majority of automobile insurance holders have also seen an increase in their premiums (93.7%).

## II. BACKGROUND AND OBJECTIVES

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Strategic Marketing Services (SMS), a full-service market research and consulting firm located in Portland, ME, was commissioned by the Maine Bureau of Insurance to conduct quantitative market research with residential and small business insurance policyholders throughout the state of Maine. The primary objective of this research is to gather information as required by Public Law 310. In order to reach this objective, two surveys were conducted: one with Maine residents and one with Maine small businesses. The surveys conducted focused on the key issues of:

- Ability of residents and businesses to secure and retain insurance
- Reasons why insurance coverage has been non-renewed, cancelled, or denied (in specific cases)
- Respondents' views of the affordability of residential and business insurance coverage
- Whether annual insurance premiums have increased, decreased, or stayed the same over the past three years for various types of insurance coverage
- Respondents' views regarding why their insurance premiums have increased or decreased over the past three years



### III. METHODOLOGY

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In order to meet the stated objectives of this market research project, two telephone surveys were conducted – one with Maine residents and one with small businesses in Maine.

#### **Residential Survey:**

A telephone survey was administered to adult citizens around the state. Telephone interviews were conducted with a randomly-selected, stratified statewide sample of 400 Maine citizens. Respondents had to be at least 18 years of age and be responsible for making decisions regarding personal insurance in their household. Individuals did not qualify for participation in the survey if they do not insure any property or vehicles in Maine. Surveys were conducted from August 14 to August 19, 2003.

The final survey instrument used (see Appendix A) was pre-approved by the Bureau of Insurance prior to being fielded. Results were tabulated and analyzed using standard statistical methods. The total results of the residential portion of the study command statistical validity at the 95 percent confidence level with a margin of error of plus or minus 4.90 percent. In other words, if the study were to be replicated, 95 times out of 100 the results would be within 4.90 percentage points of the results achieved for the current survey. The margins of error for specific sub-samples are significantly higher.

#### **Business Survey:**

A telephone survey was administered to small businesses (fewer than 10 employees) throughout the state. Telephone interviews were conducted with a randomly-selected, stratified statewide sample of 100 Maine businesses. Respondents were those responsible for making decisions regarding any business-related insurance policies they had. Businesses did not qualify for participation in the survey if they do not have any business-related insurance. Surveys were conducted from August 18 to August 21, 2003.

The final survey instrument used (which can be found in Appendix A) was pre-approved by the Bureau of Insurance prior to being fielded. The total results of the business portion of the study command statistical validity at the 95 percent confidence level with a margin of error of plus or minus 9.79 percent. In other words, if the study were to be replicated, 95 times out of 100 the results would be within 9.79 percentage points of the results achieved for the current survey. It is important to note that the margins of error for specific sub-samples are significantly higher. Therefore, it is important to analyze the business results with extreme caution due to the small sample size and resulting higher level of margin of error.

### III. METHODOLOGY

The total results have been broken into four geographical regions of the state, as shown in the table below. Results were tabulated and analyzed to compare the results of each of the regions to one another, as well as to compare respondents who own versus those who rent.

Region & County	RESIDENTIAL STRATIFICATION			BUSINESS STRATIFICATION		
	2000 Census	% of Total	Surveys	<10 ees.	% of Total	Surveys
1 Androscoggin	103,793	8%	33	2,987	7%	7
1 Cumberland	265,410	21%	83	10,552	24%	24
1 Kennebec	117,114	9%	37	3,693	8%	8
1 Penobscot	144,919	11%	45	4,409	10%	10
1 Sagadahoc	35,214	3%	12	998	2%	2
<b>Total Region 1</b>	<b>666,450</b>	<b>52%</b>	<b>210</b>	<b>22,639</b>	<b>51%</b>	<b>51</b>
2 Hancock	51,791	4%	16	2,374	5%	5
2 Knox	39,798	3%	12	1,932	4%	4
2 Lincoln	33,616	3%	11	1,611	4%	4
2 Waldo	36,280	3%	11	1,288	3%	3
2 Washington	33,345	3%	10	1,143	3%	3
2 York	186,733	15%	60	6,249	14%	14
<b>Total Region 2</b>	<b>381,563</b>	<b>30%</b>	<b>120</b>	<b>14,597</b>	<b>33%</b>	<b>33</b>
3 Franklin	29,467	2%	9	967	2%	2
3 Oxford	54,755	4%	17	1,705	4%	4
3 Piscataquis	17,235	1%	5	593	1%	1
3 Somerset	50,888	4%	16	1,514	3%	4
<b>Total Region 3</b>	<b>152,345</b>	<b>12%</b>	<b>47</b>	<b>4,779</b>	<b>11%</b>	<b>11</b>
4 Aroostook	73,938	6%	23	2,373	5%	5
<b>Total Region 4</b>	<b>73,938</b>	<b>6%</b>	<b>23</b>	<b>2,373</b>	<b>5%</b>	<b>5</b>
<b>Total</b>	<b>1,274,296</b>	<b>100%</b>	<b>400</b>	<b>44,388</b>	<b>100%</b>	<b>100</b>

The following report summarizes the findings obtained from the surveys (the residential data will be discussed first, followed by the business data). Detailed statistical cross tabulations are bound in a separate volume. Copies of the survey instruments are appended to this report.

*Percentages may not always add to 100.0% due to the rounding of decimals.*

#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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##### Current Homeowners/Renters Policies

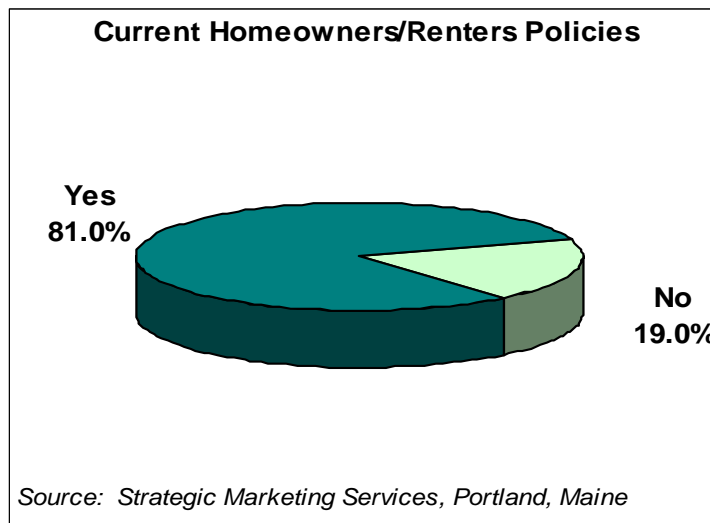
##### *Do you currently have a homeowners/renters policy?*

Eighty-one percent (81.0%) of respondents stated that they currently have a homeowners/renters insurance policy. Only 19.0% of respondents indicated that they do not currently have a homeowners/renters policy.

Respondents who own a home (98.1%) are much more likely to have homeowners/renters insurance than those who rent (17.8%). Older respondents are more likely to have homeowners/renters insurance than younger respondents (91.3% [55+] and 89.5% [35-54] versus 49.5% [18-34]). In addition, respondents with higher annual household incomes are more likely to have homeowners/renters insurance (98.6% [\$75k+] and 92.0% [\$50k-\$75k] versus 73.2% [\$25k to \$50k] and 51.3% [<\$25k]).

##### **Current Homeowners/Renters Policies:**

	<b>(N=400)</b>
Yes	81.0%
No	19.0%



#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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##### Homeowners/Renters Policy in the Past Three Years

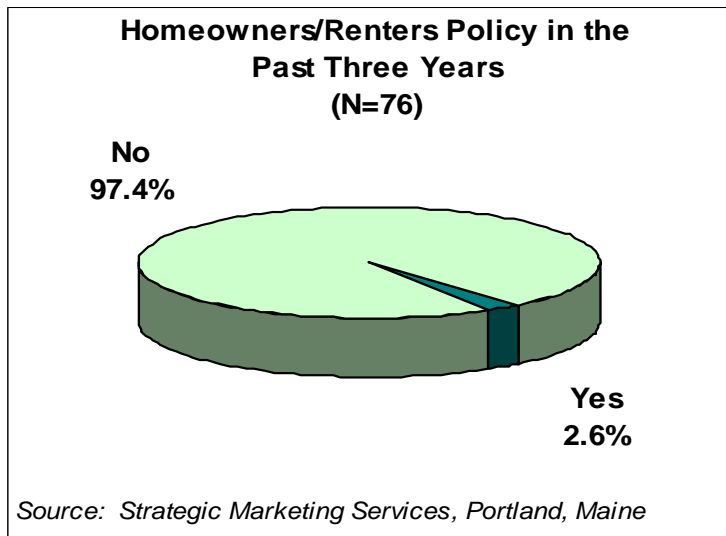
***Have you had a homeowners/renters policy in the past three years? [Asked of those who do not currently have a homeowners/renters policy]***

Of the 76 respondents who do not currently have a homeowners/renters policy, less than three percent (2.6%) indicated that they have had such a policy in the past three years. Nearly all of these respondents (97.4%) reported that they have not had a homeowners/renters policy in the past three years.

Thus, a total of 326 respondents, or 81.5% of the total sample, have had a homeowners/renters insurance policy in the past three years.

##### **Homeowners/Renters Policy in the Past Three Years:**

	<b>(N=76)</b>
Yes	2.6%
No	97.4%



#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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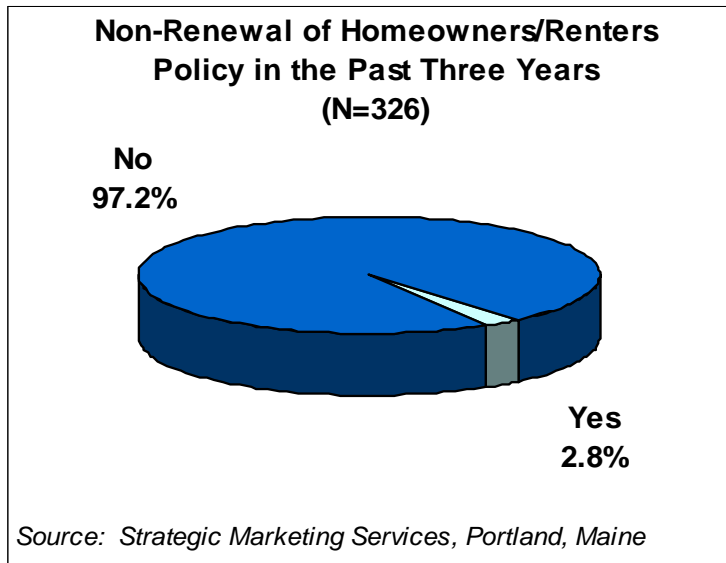
##### Non-Renewal of Homeowners/Renters Policy in the Past Three Years

*In the past three years, have you had a homeowners/renters policy that was non-renewed? [Asked of those respondents who have had a homeowners/renters policy in the past three years]*

Of the 326 respondents who have had a homeowners/renters policy in the past three years, 97.2% stated that their policy has not been non-renewed in the past three years. Only 2.8% indicated that they have had a homeowners/renters policy that was non-renewed in the past three years.

##### Non-Renewal of Homeowners/Renters Policy in the Past Three Years:

	(N=326)
Yes	2.8%
No	97.2%



#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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##### **Reason for Non-Renewal of Homeowners/Renters Policy in the Past Three Years**

***Why was your homeowners/renters policy non-renewed? [Asked of those who have had a homeowners/renters policy non-renewed in the past three years; Unaided; Multiple responses were recorded]***

Three of the nine respondents whose homeowners/renters policy had been non-renewed in the past three years stated that their policy was not renewed because their home is vacant part of the year, and another three said that the age of their property was the reason for the non-renewal of the policy. Other reasons for non-renewal (one respondent each) included a wood stove, prior claims, a missed payment, and that the insurance company “no longer offers insurance in Maine”. One respondent stated that their policy was appealed and then renewed.

##### **Reason for Non-Renewal of Homeowners/Renters Policy in the Past Three Years:**

<b>(N=9)</b>	<b>Number of respondents</b>
Vacant part of the year (seasonal)	3
Age of property	3
Wood stove	1
Prior Claims	1
Missed payment	1
Company no longer offers insurance in Maine	1
Appealed, then renewed	1

#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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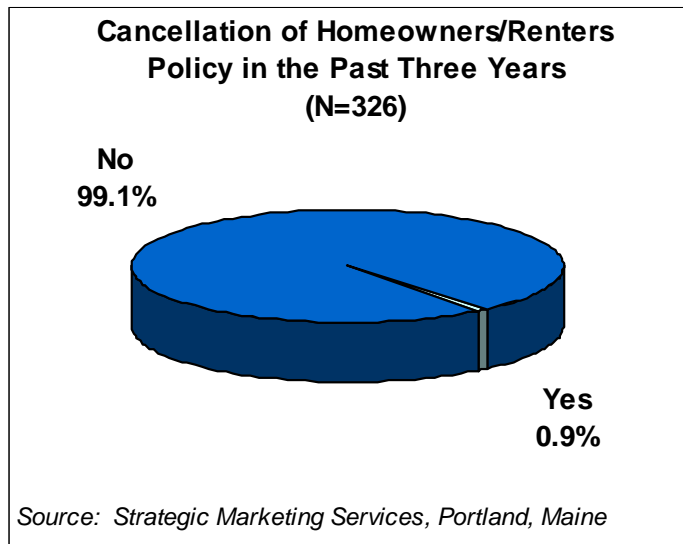
##### **Cancellation of Homeowners/Renters Policy in the Past Three Years**

***In the past three years, have you had a homeowners/renters policy that was cancelled?  
[Asked of those who have had a homeowners/renters policy in the past three years]***

Over ninety-nine percent of respondents (99.1%) said that they have not had a homeowners/renters insurance policy that was cancelled in the past three years. Only three respondents (0.9%) stated that they had a homeowners/renters policy cancelled in the past three years.

##### **Cancellation of Homeowners/Renters Policy in the Past Three Years:**

	(N=326)
Yes	0.9%
No	99.1%



#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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##### **Reason for Cancellation of Homeowners/Renters Policy in the Past Three Years**

*Why was your homeowners/renters policy cancelled? [Asked of those who had a homeowners/renters policy cancelled in the past three years; Unaided; Multiple responses were recorded]*

One respondent each stated that their policy was cancelled because of non-payment of premium, the home was not being lived in at the time, the company no longer offers insurance in Maine, and the home is an island property.

##### **Reason for Cancellation of Homeowners/Renters Policy in the Past Three Years:**

<b>(N=3)</b>	<b>Number of respondents</b>
Island Property	1
Non-payment of premium	1
Not living home at the time	1
Company no longer offers insurance in Maine	1



#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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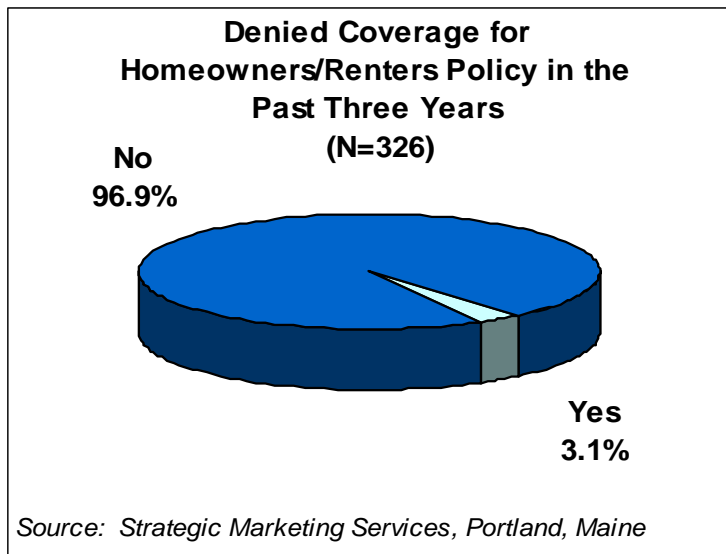
##### Denied Coverage for Homeowners/Renters Policy in the Past Three Years

*In the past three years, have you been denied coverage for homeowners/renters insurance? [Asked of those who have had a homeowners/renters policy in the past three years]*

Only three percent of the 326 respondents (3.1%) said that they have been denied coverage for homeowners/renters insurance in the past three years, while 96.9% have not been denied coverage.

##### Denied Coverage for Homeowners/Renters Policy in the Past Three Years:

	(N=326)
Yes	3.1%
No	96.9%



#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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##### **Reason for Denial of Homeowners/Renters Policy in the Past Three Years**

***Why were you denied coverage for homeowners/renters insurance? [Asked of those who have been denied coverage for a homeowners/renters policy in the past three years; Unaided; Multiple responses were recorded]***

Respondents stated a variety of reasons for why they were denied homeowners/renters insurance in the past three years. Three respondents said that they were denied coverage because they have a dog and another three respondents stated they were denied coverage because they have a wood stove. Two of these respondents each indicated coverage was denied because their home is seasonal/vacant part of the year or because of the age of their property. Other answers given by one respondent each include: coastal property, island property, prior claims, the mortgage company, and not living near a fire hydrant.

##### **Reason for Denial of Homeowners/Renters Policy in the Past Three Years:**

<b>(N=10)</b>	<b>Number of respondents</b>
Dog	3
Wood stove	3
Vacant part of the year (seasonal)	2
Age of property	2
Coastal property	1
Island property	1
Prior claims	1
Mortgage company	1
Not living near fire hydrant	1

#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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##### **Homeowners/Renters Insurance is Becoming Expensive**

***To what extent do you agree or disagree with the following statement: “Homeowners/renters insurance is becoming expensive.” [Asked only of current homeowners/renters policy holders]***

Nearly two-thirds of respondents (63.9%) either “agree” (44.1%) or “strongly agree” (19.8%) that homeowners/renters insurance is becoming expensive. Fifteen percent of those polled (15.4%) either “disagree” (15.1%) or “strongly disagree” (0.3%) that homeowners/renters insurance is becoming expensive, and 18.5% of those polled “neither agree nor disagree” with this statement.

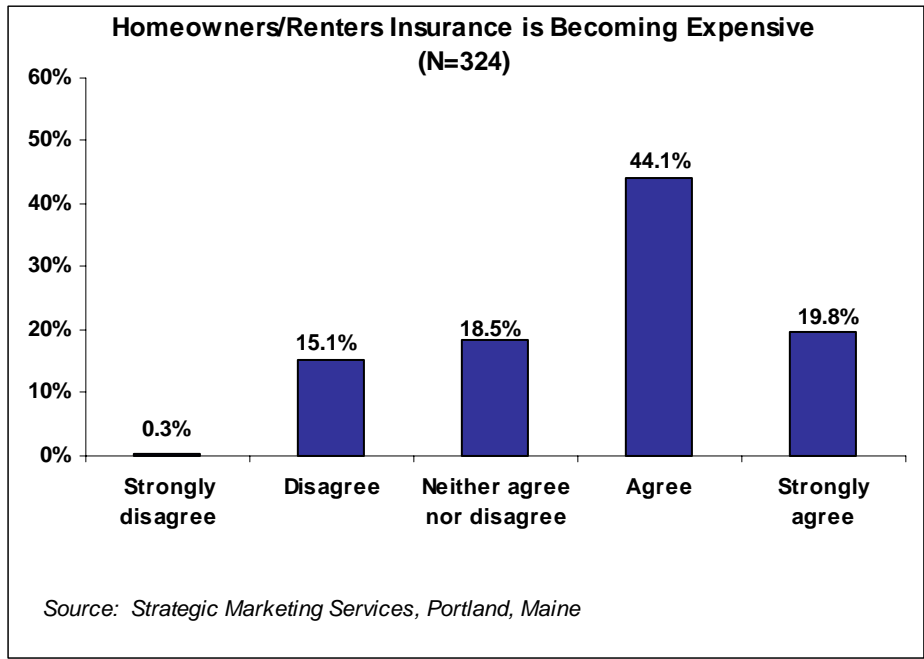
Respondents with higher annual household incomes are more likely to “agree” or “strongly agree” combined that homeowners/renters insurance is becoming expensive (68.1% [\$75k+] versus 51.1% [\$25k to \$50k]).

##### **Homeowners/Renters Insurance is Becoming Expensive:**

	<b>(N=324)</b>
1 – Strongly disagree	0.3%
2 – Disagree	15.1%
3 – Neither agree nor disagree	18.5%
4 – Agree	44.1%
5 – Strongly agree	19.8%
Don't Know	2.2%
Mean response	3.69

#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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#### **IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS**

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##### **Percentage Homeowners/Renters Premium Changed Over the Past Three Years**

***By what percentage did your homeowners/renters premium change over the past three years? [Asked of current homeowners/renters policy holders; Results tabulated from annual premiums provided by respondents from two years ago, one year ago, and currently]***

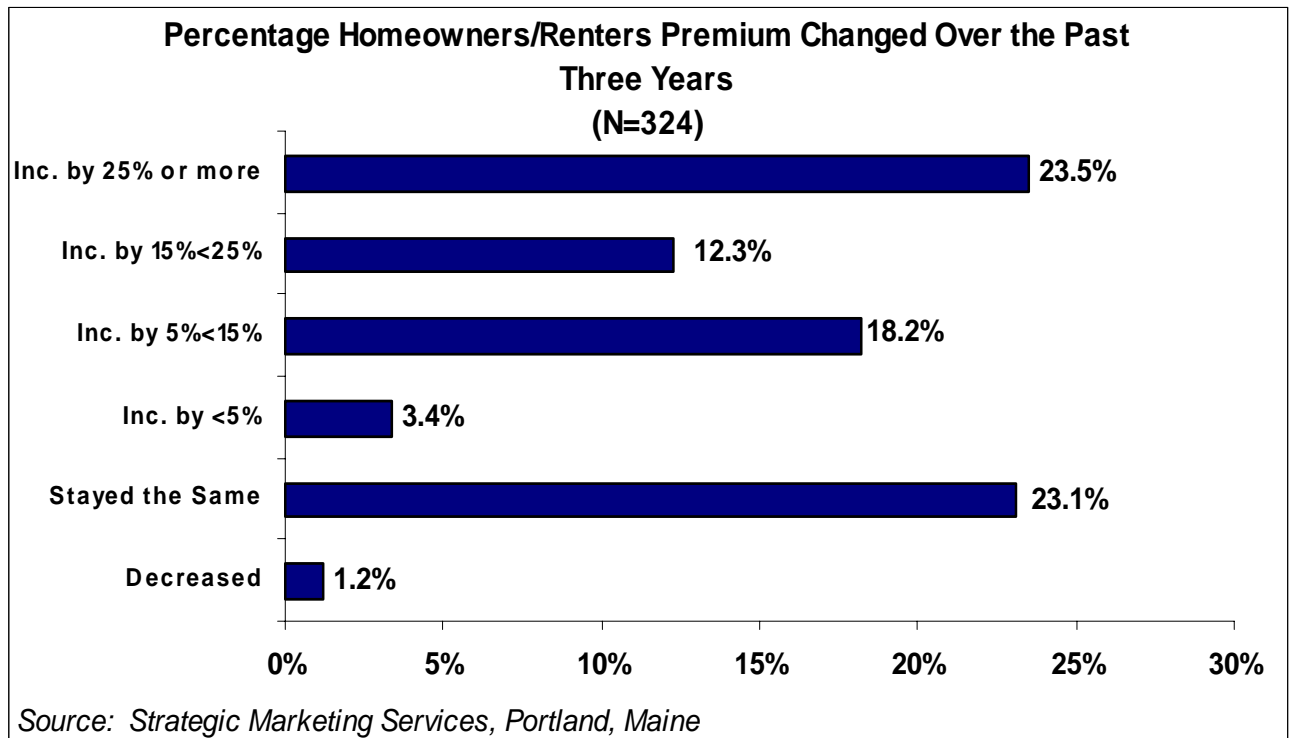
The greatest percentage of the 324 current policy holders (23.5%) stated that their homeowners/renters premium has increased by 25% or more over the past three years. Twenty-three percent (23.1%) indicated that their homeowners/renters premium has remained the same, while 18.2% said that their premium has increased between 5% and 15% over the past three years. Twelve percent of these respondents (12.3%) indicated that their premium has increased between 15% and 25% over the past three years, 3.7% stated that their premium has increased but did not provide a base rate from which a percentage could be calculated, and 3.4% of respondents indicated that their premium has increased by less than 5% over the past three years. Four respondents (1.2%) said that their homeowners/renters insurance premium has decreased over the past three years. Eleven percent (10.8%) of respondents did not know the amount they pay for their annual premiums, and 3.7% of respondents refused to answer this question.

Renters (50.0%) are more likely than homeowners (21.9%) to state that their insurance premiums have remained the same over the past three years. In addition, respondents living in Regions 1 and 3 are more likely than respondents living in Regions 2 and 4 to say that their homeowners/renters premium increased by 25% or more. Respondents living in Region 4 are the most likely to report an increase between 5% and 15%. Finally, respondents with higher annual household income levels are more likely to report increases in homeowners/renters premiums of greater than 25% over the past three years (30.4% [\$75k+] and 28.8% [\$50k<\$75k] versus 15.6% [\$25k<\$50k] and 20.0% [<\$25k]).

**IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS**

**Percentage Homeowners/Renters Premium Changed Over the Past Three Years:**

	<b>(N=324)</b>
Decreased	1.2%
Stayed the same	23.1%
Increased by <5%	3.4%
Increased by 5%<15%	18.2%
Increased by 15%<25%	12.3%
Increased by 25% or more	23.5%
Increased (Specific rate details unknown)	3.7%
Don't know	10.8%
Refused	3.7%



#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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##### **Reason for Increased Homeowners/Renters Premium**

*If homeowners/renters premium increased, why did it increase? [Asked of those whose homeowners/renters premium increased over the past three years; Unaided; Multiple responses were recorded]*

Nearly one-quarter of the 198 respondents whose homeowners/renters premium has increased over the past three years (24.2%) said that they have not changed their coverage but the premium “just goes up each year.” Fifteen percent of respondents (14.6%) attribute the increase to “normal/cost of living/inflation” increases, while 5.6% of respondents stated that their premium increased because the value of their house/property increased. Five percent of respondents (4.5%) indicated that their homeowners/renters premium increased as a result of the September 11<sup>th</sup> tragedy, 3.5% stated that a switch in insurance companies was the reason for the increase, and 3.0% of respondents made an insurance claim which resulted in an increased homeowners/renters premium. The greatest percentage of respondents (31.3%) did not know why their homeowners/renters insurance premium has increased.

##### **Reason for Increased Homeowners/Renters Premium:**

<b>TOP ANSWERS</b>	<b>(N=198)</b>
Haven't changed coverage, just goes up each year	24.2%
Normal/cost of living/inflation increase	14.6%
Value of property/house increased	5.6%
9/11 tragedy	4.5%
Switched companies	3.5%
Made an insurance claim	3.0%
Don't know	31.3%

#### IV. RESIDENTIAL FINDINGS – HOMEOWNERS/RENTERS

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##### **Reason for Decreased Homeowners/Renters Premium**

*If homeowners/renters premium decreased, why did it decrease? [Asked of those whose homeowners/renters premium decreased over the past three years; Unaided; Multiple responses were recorded]*

Of the four respondents whose homeowners/renters premium decreased, two stated that their premium decreased because they “changed insurance companies to get a lower cost.” One respondent stated that their homeowners/renters premium decreased when they sold their home and bought a condo, and another respondent increased the deductible for their homeowners/renters insurance, causing a decrease in the premium.

##### **Reason for Decreased Homeowners/Renters Premium:**

<b>(N=4)</b>	<b>Number of respondents</b>
Changed companies to get a lower cost	2
Sold home and bought condo	1
Increased deductible	1



#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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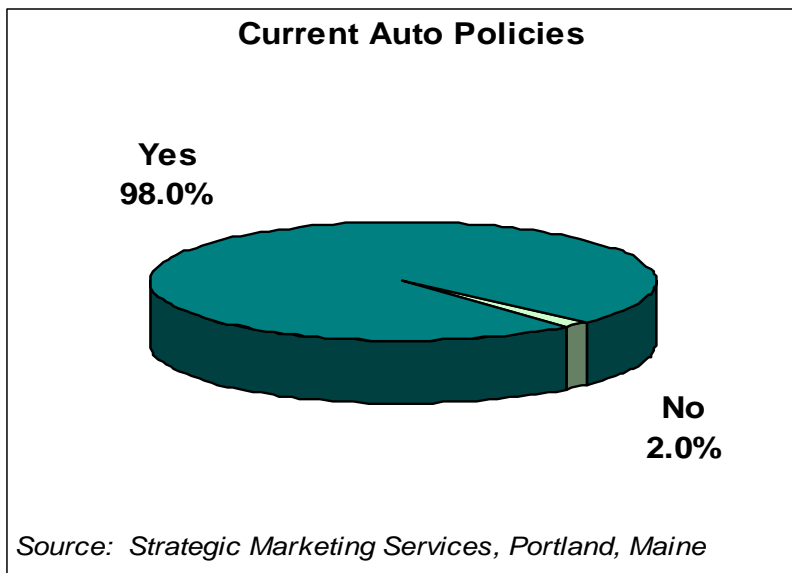
##### Current Auto Policies

##### *Do you currently have a personal auto policy?*

Ninety-eight percent of those surveyed (98.0%) stated that they currently have a personal auto insurance policy, while only two percent of respondents (2.0%) do not.

##### **Current Auto Policies:**

	<b>(N=400)</b>
Yes	98.0%
No	2.0%



#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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##### Personal Auto Policy in the Past Three Years

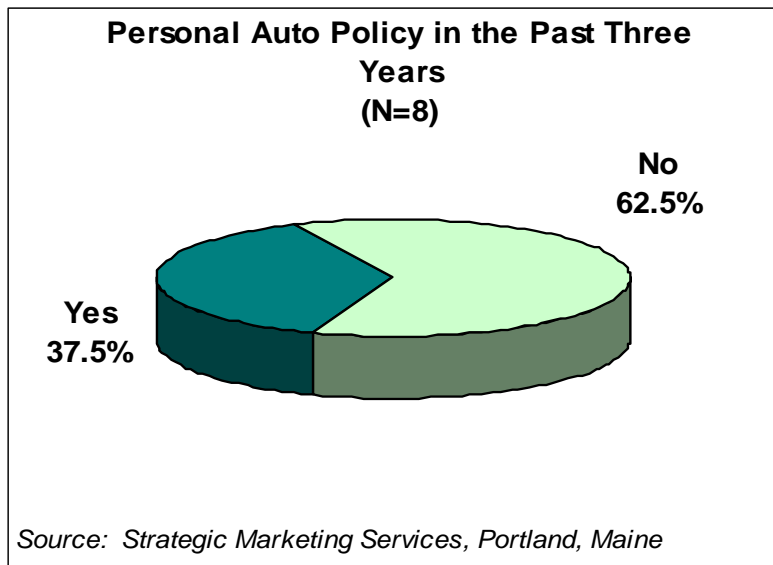
***Have you had a personal auto policy in the past three years? [Asked of respondents who do not have a current policy]***

Of the 8 respondents who do not currently have a personal auto policy, three (37.5%) have had a personal auto policy in the past three years, while five (62.5%) have not.

Thus, a total of 395 respondents (or 98.8% of the total sample) have had a personal auto policy in the past three years.

##### **Personal Auto Policy in the Past Three Years:**

	<b>(N=8)</b>
Yes	37.5%
No	62.5%



#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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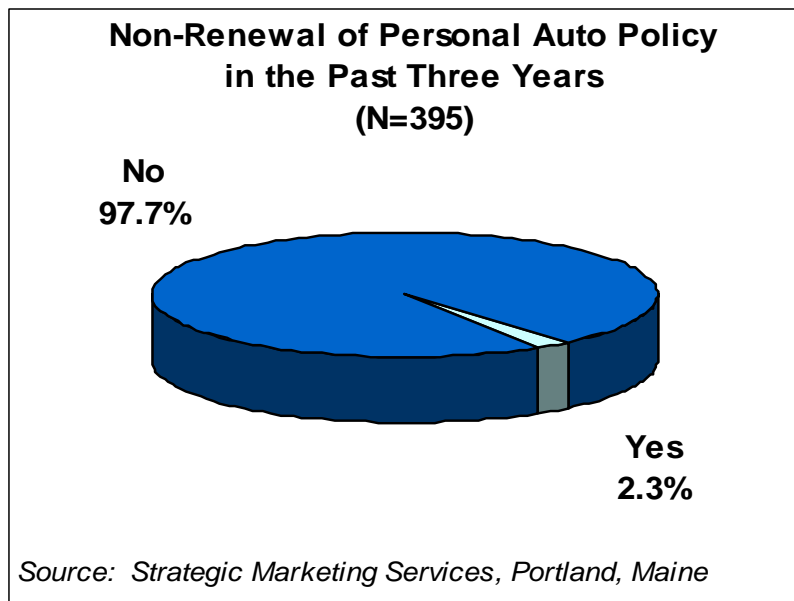
##### **Non-Renewal of Personal Auto Policy in the Past Three Years**

***In the past three years, have you had a personal auto policy that was non-renewed?  
[Asked of those who have had a personal auto policy in the past three years]***

Only nine of the 395 respondents (2.3%) stated that they have had a personal auto policy that was non-renewed in the past three years. The remaining 97.7% of respondents have not had a personal auto policy non-renewed in the past three years.

##### **Non-Renewal of Personal Auto Policy in the Past Three Years:**

	(N=395)
Yes	2.3%
No	97.7%



#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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##### **Reason for Non-Renewal of Personal Auto Policy in the Past Three Years**

***Why was your personal auto policy non-renewed? [Asked of those who have had a personal auto policy non-renewed in the past three years; Unaided; Multiple responses were recorded]***

Three of the nine respondents who stated that their personal auto policy was non-renewed indicated that their policy was not renewed because of traffic violations, and another three respondents said that prior insurance claims were the reason for the non-renewal of their policy. Two respondents stated that their personal auto policy was not renewed because they “got too old to drive,” and another two respondents said that they changed companies because the original company was “no longer offering the same coverage.” Other reasons for non-renewal included a youthful driver on the policy and an accident.

##### **Reason for Non-Renewal of Personal Auto Policy in the Past Three Years:**

<b>(N=9)</b>	<b>Number of respondents</b>
Traffic violations	3
Prior claims	3
Got too old to drive	2
Changed companies b/c no longer offering same coverage	2
Youthful driver	1
Accident	1

#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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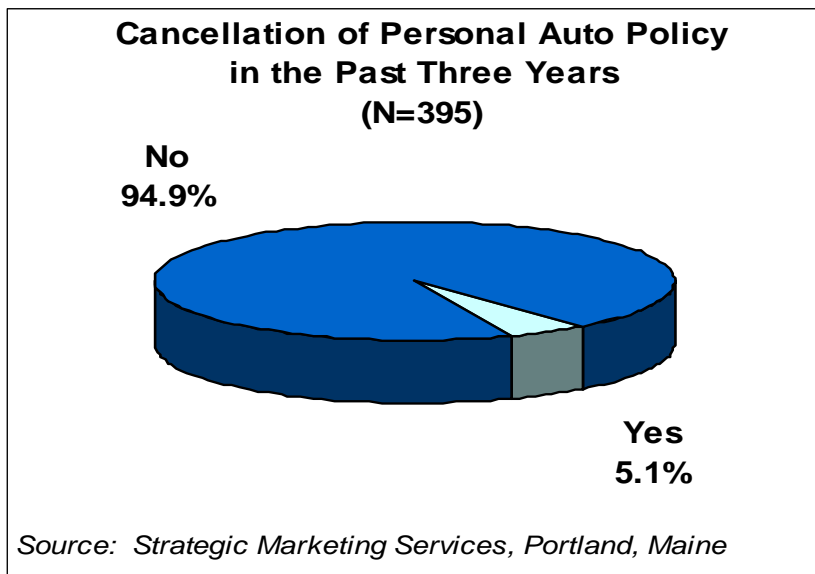
##### **Cancellation of Personal Auto Policy in the Past Three Years**

***In the past three years, have you had a personal auto policy that was cancelled? [Asked of those who have had a personal auto policy in the past three years]***

Ninety-five percent of the 395 respondents (94.9%) said that they have not had a personal auto insurance policy that was cancelled in the past three years, while 5.1% have.

##### **Cancellation of Personal Auto Policy in the Past Three Years:**

	(N=395)
Yes	5.1%
No	94.9%



#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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##### **Reason for Cancellation of Personal Auto Policy in the Past Three Years**

***Why was your personal auto policy cancelled? [Asked of those who had a personal auto policy cancelled in the past three years; Unaided; Multiple responses were recorded]***

Nine of the 20 respondents who have experienced a cancellation indicated that their personal auto policy was cancelled within the past three years because of “non-payment of premium.” Four respondents each stated that their personal auto policy was cancelled because of a youthful driver, prior claims, or because of traffic violations. Two respondents said that their personal auto policy was cancelled because of an accident and one respondent’s policy was cancelled because of a drunken driving conviction.

##### **Reason for Cancellation of Personal Auto Policy in the Past Three Years:**

<b>(N=20)</b>	<b>Number of respondents</b>
Non-payment of premium	9
Youthful driver	4
Prior claims	4
Traffic violations	4
Accident	2
Drunk driving conviction	1

#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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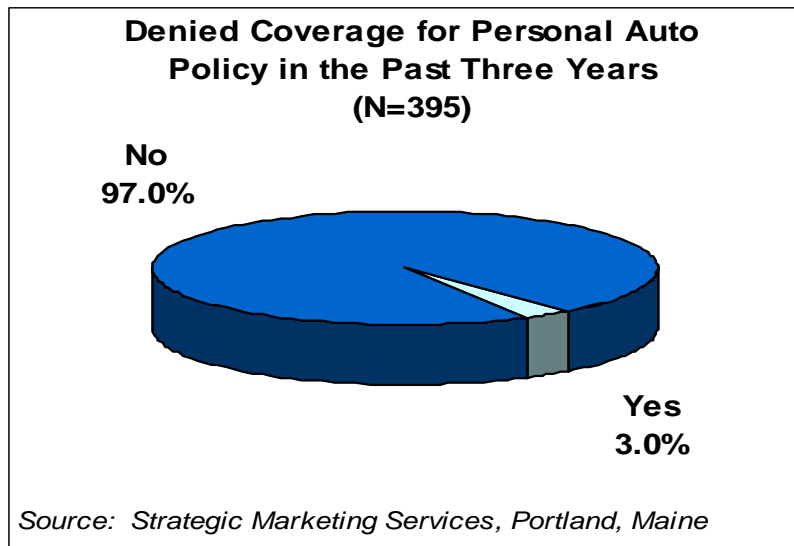
##### Denied Coverage for Personal Auto Policy in the Past Three Years

*In the past three years, have you been denied coverage for personal auto insurance?  
[Asked of those who have had a personal auto policy in the past three years]*

Ninety-seven percent of the 395 respondents (97.0%) stated that they have not been denied coverage for personal auto insurance in the past three years. Twelve respondents (3.0%) indicated that they have been denied coverage for personal auto insurance in the past three years.

##### Denied Coverage for Personal Auto Policy in the Past Three Years:

	(N=395)
Yes	3.0%
No	97.0%



#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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##### **Reason for Denial of Personal Auto Insurance in the Past Three Years**

*Why were you denied coverage for a personal auto policy? [Asked of those who were denied coverage for a personal auto policy in the past three years; Unaided; Multiple responses were recorded]*

Seven of the 12 respondents who have been denied personal auto insurance in the past three years indicated that they were denied coverage because of a youthful driver. Two respondents each stated that they were denied because of prior claims, traffic violations, or an accident. A drunken driving conviction was the reason one respondent was denied personal auto coverage.

##### **Reason for Denial of Personal Auto Insurance in the Past Three Years:**

<b>(N=12)</b>	<b>Number of respondents</b>
Youthful driver	7
Prior claims	2
Traffic violations	2
Accident	2
Drunk driving conviction	1



#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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##### **Personal Auto Insurance is Becoming Expensive**

***To what extent do you agree or disagree with the following statement: “Personal auto insurance is becoming expensive.” [Asked only of current personal auto policy holders]***

Over seventy percent of the 392 current personal auto policy holders (71.4%) either “agree” (41.8%) or “strongly agree” (29.6%) that personal auto insurance is becoming expensive. Nine percent of those polled (8.5%) either “disagree” (8.2%) or “strongly disagree” (0.3%) that personal auto insurance is becoming expensive, and 16.1% of those polled “neither agree nor disagree” with this statement.

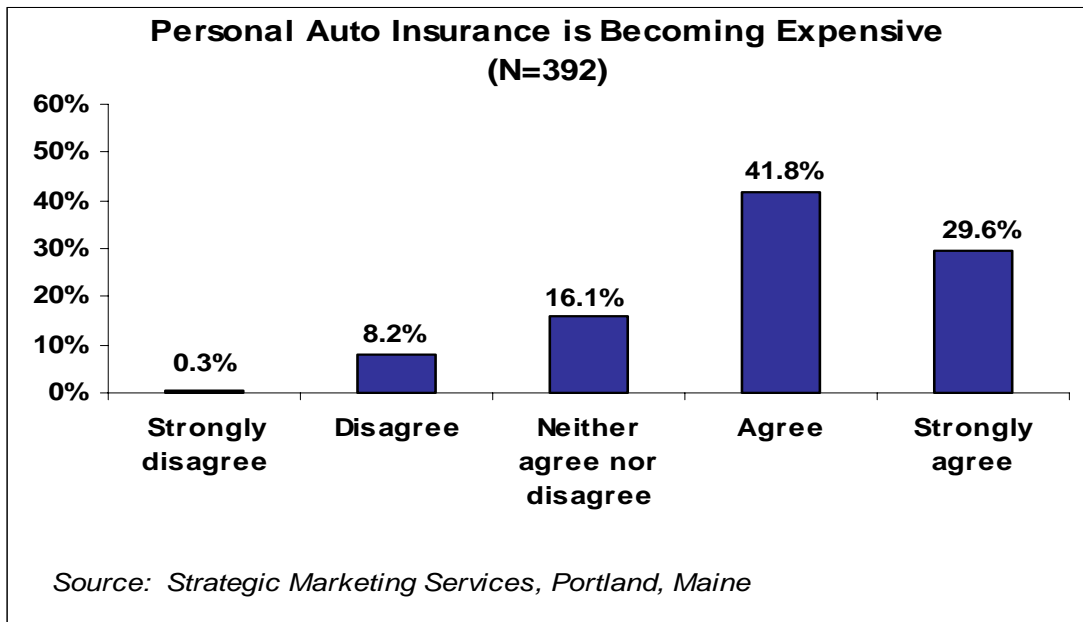
Younger respondents are more likely than older respondents to “agree” or “strongly agree” that personal auto insurance is becoming expensive (80.2% [18-34] versus 64.7% [55+]). Respondents living in Region 4 are more likely than residents in other regions to “disagree” or “strongly disagree” that personal auto insurance is becoming expensive. Respondents living in Region 3 are more likely than residents of other regions to “agree” or “strongly agree” that personal auto insurance is becoming expensive.

##### **Personal Auto Insurance is Becoming Expensive:**

	<b>(N=392)</b>
1 – Strongly disagree	0.3%
2 – Disagree	8.2%
3 – Neither agree nor disagree	16.1%
4 – Agree	41.8%
5 – Strongly agree	29.6%
Don't Know	4.1%
Mean response	3.96

#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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##### **Percentage Personal Auto Premium Changed Over the Past Three Years**

***By what percentage did your personal auto premium change over the past three years? [Asked of current personal auto policy holders. Results tabulated from annual premiums provided by respondents from two years ago, one year ago, and currently]***

The greatest percentage of the 392 respondents (25.8%) stated that their personal auto premium has increased by 25% or more over the past three years. Twenty-one percent (21.4%) indicated that their personal auto premium has remained the same, while 20.2% said that their premium has increased between 5% and 15% over the past three years. Thirty-eight respondents (9.7%) indicated that their premium has increased between 15% and 25% over the past three years, 2.8% stated that their premium has increased but did not provide a base rate from which a percentage could be calculated, and 2.3% of respondents indicated that their premium has increased by less than 5% over the past three years. Eighteen respondents (4.6%) said that their personal auto insurance premium has decreased over the past three years. Eleven percent of respondents (11.2%) did not know the amount they pay for their annual premiums, and 2.0% of respondents refused to answer the question.

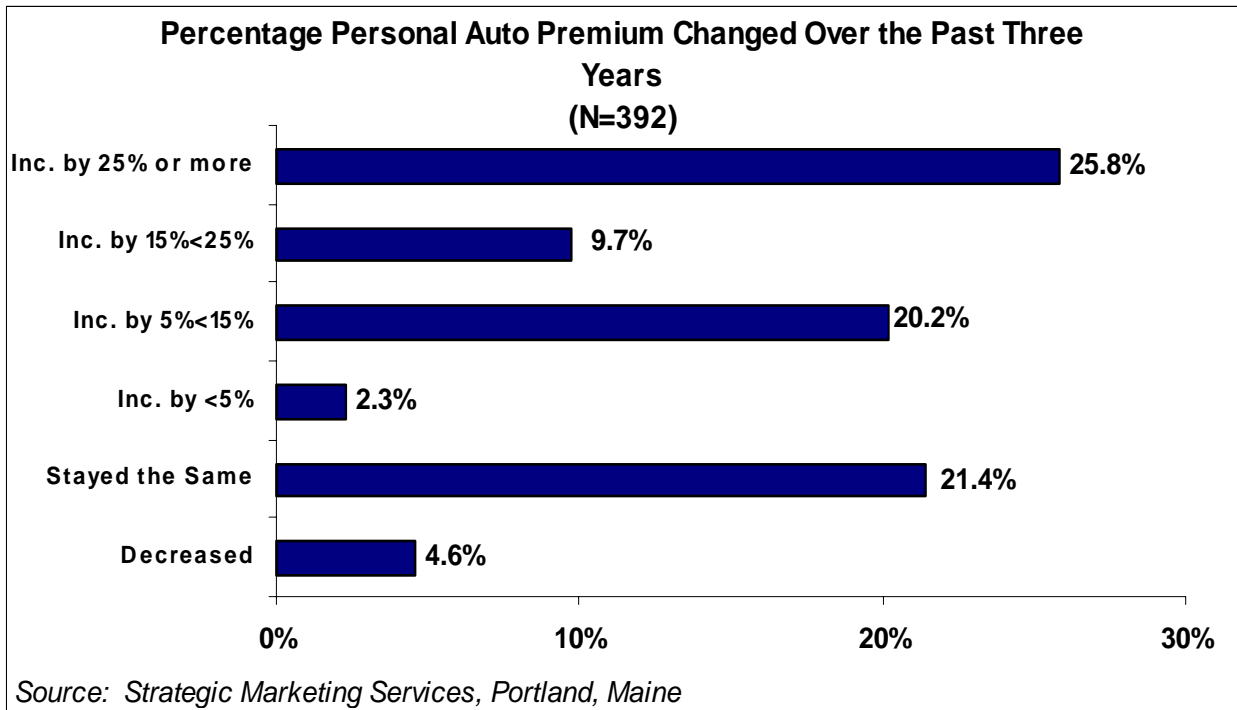
Older respondents are less likely than younger respondents to report an increase of 25% or more in the past three years (12.6% [55+] versus 30.0% [35-54] and 35.2% [18-34]).

##### **Percentage Personal Auto Premium Changed Over the Past Three Years:**

	<b>(N=392)</b>
Decreased	4.6%
Stayed the same	21.4%
Increased by <5%	2.3%
Increased by 5%<15%	20.2%
Increased by 15%<25%	9.7%
Increased by 25% or more	25.8%
Increased (Specific rate details unknown)	2.8%
Don't know	11.2%
Refused	2.0%

**IV. RESIDENTIAL FINDINGS – PERSONAL AUTO**

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#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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##### Reason for Increased Personal Auto Premium

***Why did your personal auto premium increase? [Asked of those whose personal auto premium increased over the past three years; Unaided; Multiple responses were recorded]***

When asked why their personal auto premium increased, 22.3% of these 238 respondents said that they have not changed their coverage but the premium “just goes up each year.” Twelve percent of respondents (11.8%) stated that a “newer/different vehicle” caused their personal auto premium to increase, 10.1% attributed the increase to “normal/cost of living/inflation increases”, and 8.0% of respondents stated that their premium increased because of a traffic violation. Six percent of respondents (6.3%) indicated that their personal auto premium increased because of an accident, while 5.5% attributed the increase to a young driver on their insurance policy. Five percent (5.0%) of respondents stated that there were more vehicles on their insurance policy, which resulted in an increase. The greatest percentage of respondents (27.7%) did not know why their personal auto insurance premium had increased.

##### **Reason for Increased Personal Auto Premium:**

<b>TOP ANSWERS</b>	<b>(N=238)</b>
Haven't changed coverage, just goes up each year	22.3%
New(er)/different vehicle	11.8%
Normal/cost of living/inflation increase	10.1%
Traffic violation	8.0%
Accident	6.3%
Young drivers on policy	5.5%
More vehicles this year	5.0%
Don't know	27.7%

#### IV. RESIDENTIAL FINDINGS – PERSONAL AUTO

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##### **Reason for Decreased Personal Auto Premium**

***Why did your personal auto premium decrease? [Asked of those whose personal auto premium decreased over the past three years; Unaided; Multiple responses were recorded]***

Five of the 18 respondents who experienced a decrease in their personal auto premium indicated that this decrease was a result of dropping a youthful driver from their insurance policy. Another five respondents said that they got older so their personal auto insurance rates went down. Two respondents changed companies to get a lower cost, and another two dropped some insurance coverage, which resulted in decreased personal auto insurance premiums.

##### **Reason for Decreased Personal Auto Premium:**

<b>TOP ANSWERS (N=18)</b>	<b>Number of respondents</b>
Dropped youthful driver from policy	5
Got older so rates went down	5
Changed companies to get lower cost	2
Dropped some coverage	2
Don't know	1

#### IV. RESIDENTIAL FINDINGS – RECREATIONAL VEHICLES

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##### Current Recreational Vehicle Policies

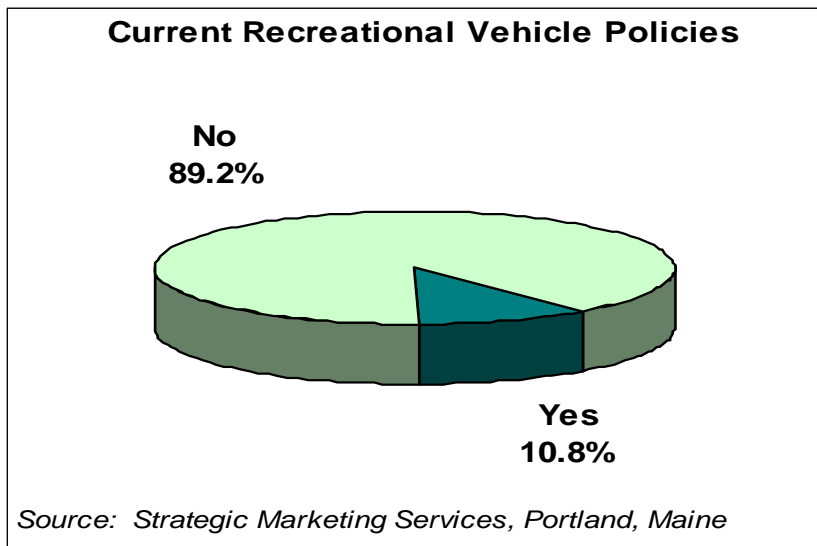
###### ***Do you currently insure any recreational vehicles?***

Eleven percent of respondents (10.8%) said that they currently insure recreational vehicles. Nearly ninety percent (89.3%) of those polled stated that they do not currently insure any recreational vehicles.

Respondents who are 35 to 54 years of age are more likely than respondents of other ages to insure recreational vehicles (16.0% [35-54] versus 6.6% [18-34] and 6.3% [55+]). Respondents with higher annual household income levels are also more likely than respondents with lower income levels to report that they insure recreational vehicles (35.7% [\$75k+] versus 5.1% [<\$25k]). Male respondents (16.4%) are more likely than female respondents (5.0%) to insure recreational vehicles.

##### **Current Recreational Vehicle Policies:**

	(N=400)
Yes	10.8%
No	89.3%



#### IV. RESIDENTIAL FINDINGS – RECREATIONAL VEHICLES

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##### Recreational Vehicle Policy in the Past Three Years

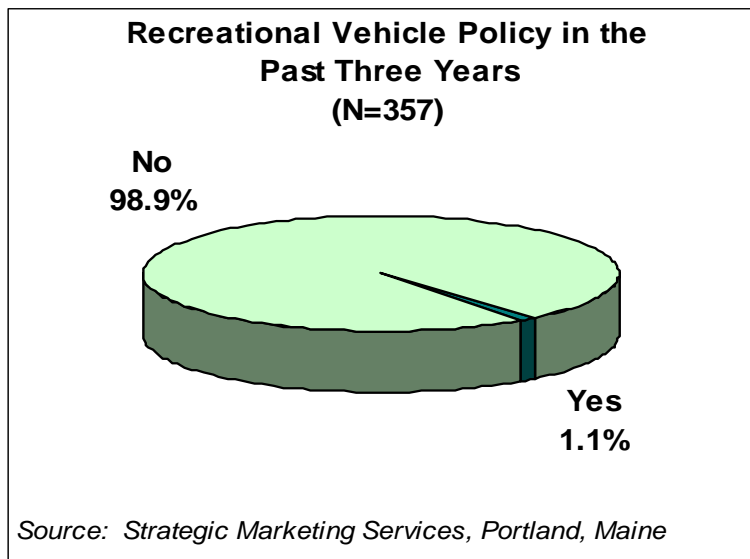
*Have you had a recreational vehicle policy in the past three years? [Asked of respondents who do not currently have a recreational vehicle policy]*

Of the 357 respondents who do not currently have a recreational vehicle policy, only 1.1% indicated that they have had such a policy in the past three years. Nearly all of these respondents (98.9%) indicated that they have not had a recreational vehicle policy in the past three years.

Thus, a total of 47 respondents, or 11.8% of the total sample, have had a recreational vehicle policy in the past three years.

##### **Recreational Vehicle Policy in the Past Three Years:**

	(N=357)
Yes	1.1%
No	98.9%





#### IV. RESIDENTIAL FINDINGS – RECREATIONAL VEHICLES

##### Non-Renewal/Cancellation/Denial of Coverage for Recreational Vehicle Policy in the Past Three Years

*In the past three years, have you had a recreational vehicle policy that was non-renewed or cancelled, or were you denied coverage for this type of insurance in that time? [Asked of those who have had a recreational vehicle policy in the past three years]*

Only one of the 47 respondents who have had a recreational vehicle policy in the past three years (2.1%) has had a policy that was not renewed in the past three years. None of these respondents have had a recreational vehicle policy that was cancelled in the past three years, and no respondents have been denied coverage for a recreational vehicle policy in that time.

##### **Non-Renewal/Cancellation/Denial of Coverage for Recreational Vehicle Policy in the Past Three Years:**

(N=47)	YES	NO
Non-renewed	2.1% (N=1)	97.9% (N=46)
Cancelled	0.0% (N=0)	100.0% (N=47)
Denied	0.0% (N=0)	100.0% (N=47)

*Why was your recreational vehicle policy non-renewed? [Asked of those who had a recreational vehicle policy non-renewed in the past three years; Unaided; Multiple responses were recorded]*

The one respondent (100.0%) who had a recreational vehicle policy that was non-renewed in the past three years stated that the policy was not renewed because of an accident.

(N=1)	Number of respondents
Accident	1

#### IV. RESIDENTIAL FINDINGS – RECREATIONAL VEHICLES

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##### **Recreational Vehicle Insurance is Becoming Expensive**

***To what extent do you agree or disagree with the following statement: “Recreational vehicle insurance is becoming expensive.” [Asked only of current policy holders]***

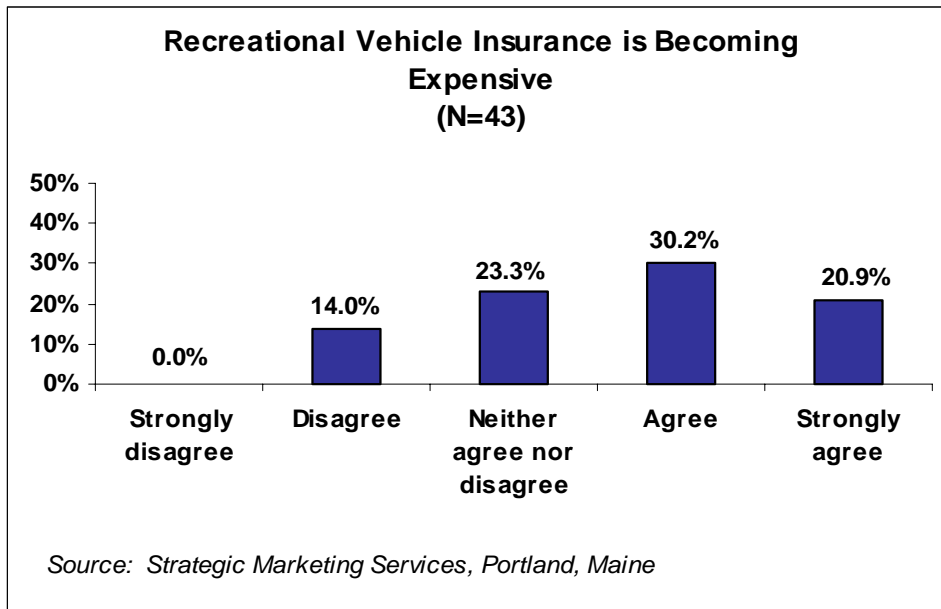
More than one-half of the 43 current policy holders (51.1%) either “agree” (30.2%) or “strongly agree” (20.9%) that recreational vehicle insurance is becoming expensive. Fourteen percent of these respondents (14.0%) “disagree” that recreational vehicle insurance is becoming expensive, and 23.3% of those polled “neither agree nor disagree” with this statement. Twelve percent (11.6%) are unsure.

##### **Recreational Vehicle Insurance is Becoming Expensive:**

	<b>(N=43)</b>
1 – Strongly disagree	0.0%
2 – Disagree	14.0%
3 – Neither agree nor disagree	23.3%
4 – Agree	30.2%
5 – Strongly agree	20.9%
Don't Know	11.6%
Mean	3.66

#### IV. RESIDENTIAL FINDINGS – RECREATIONAL VEHICLES

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#### IV. RESIDENTIAL FINDINGS – RECREATIONAL VEHICLES

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##### **Percentage Recreational Vehicle Premium Changed Over the Past Three Years**

***By what percent did your recreational vehicle premium change over the past three years? [Asked of current recreational vehicle policy holders; Results tabulated from annual premiums provided by respondents from two years ago, one year ago, and currently]***

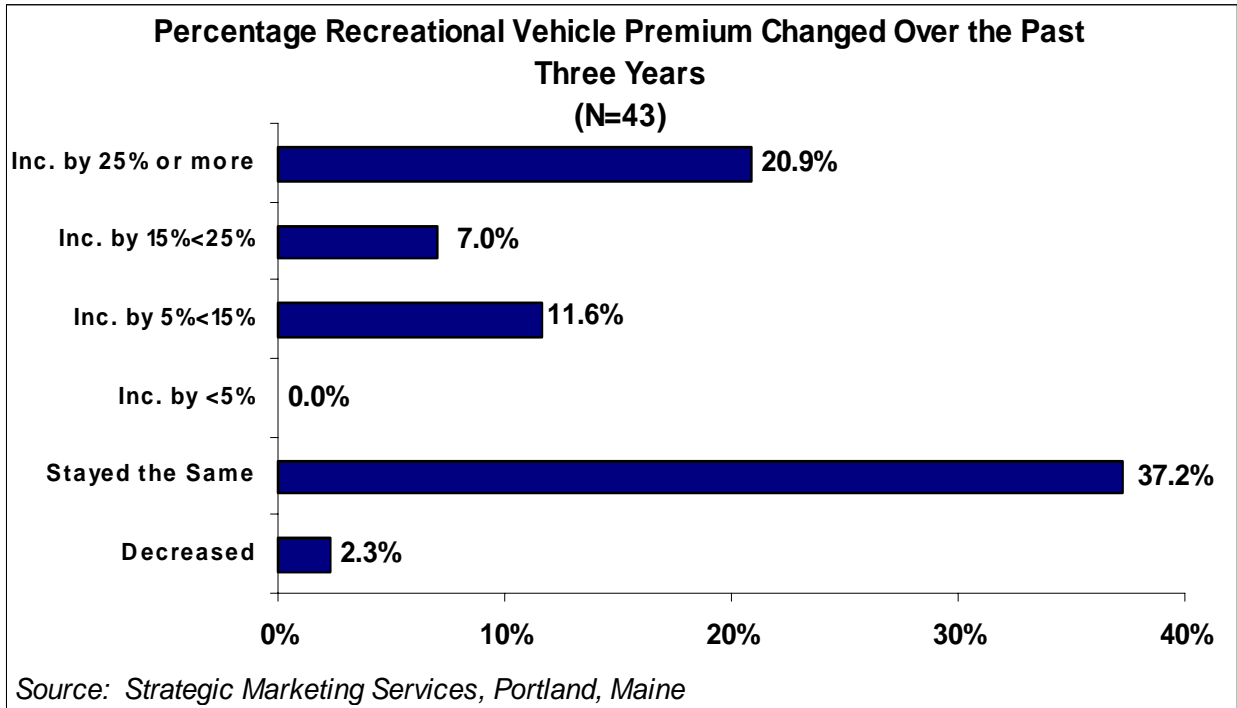
The greatest percentage of respondents (37.2%) indicated that their recreational vehicle insurance premium has remained the same over the past three years. Twenty-one percent (20.9%) indicated that their recreational vehicle premium has increased by 25% or more over the past three years, while 11.6% said that their premium has increased between 5% and 15%. Seven percent of respondents (7.0%) indicated that their recreational vehicle premium has increased between 15% and 25%. Only one respondent (2.3%) said that their recreational vehicle insurance premium has decreased over the past three years, and 20.9% of respondents did not know the amount they pay for their annual premiums.

##### **Percentage Recreational Vehicle Premium Changed Over the Past Three Years:**

	<b>(N=43)</b>
Decreased	2.3%
Stayed the same	37.2%
Increased by <5%	0.0%
Increased by 5%<15%	11.6%
Increased by 15%<25%	7.0%
Increased by 25% or more	20.9%
Don't know	20.9%

**IV. RESIDENTIAL FINDINGS – RECREATIONAL VEHICLES**

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#### IV. RESIDENTIAL FINDINGS – RECREATIONAL VEHICLES

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##### **Reason for Increased Recreational Vehicle Premium**

***Why did your recreational vehicle premium increase? [Asked of those whose recreational vehicle premium increased over the past three years; Unaided; Multiple responses were recorded]***

Of the 17 respondents whose recreational vehicle premium increased over the past three years, seven said that they have not changed their recreational vehicle coverage but the premium “just goes up each year.” Two respondents attributed the increase to “normal/cost of living/inflation increases”, and one stated that there were more vehicles insured on their recreational vehicle policy this year. Seven respondents did not know why their recreational vehicle insurance premium increased.

##### **Reason for Increased Recreational Vehicle Premium:**

<b>TOP ANSWERS (N=17)</b>	<b>Number of respondents</b>
Haven't changed coverage, just goes up each year	7
Normal/cost of living/inflation increase	2
More vehicles this year	1
Don't know	7

##### **Reason for Decreased Recreational Vehicle Premium**

***Why did your recreational vehicle premium decrease? [Asked of those whose recreational vehicle premium decreased over the past three years; Unaided; Multiple responses were recorded]***

The only respondent who stated that their recreational vehicle premium has decreased over the past three years said that the decrease was due to a better driving record.

##### **Reason for Decreased Recreational Vehicle Premium:**

<b>(N=1)</b>	<b>Number of respondents</b>
Better driving record	1

#### IV. RESIDENTIAL FINDINGS – PERSONAL UMBRELLA

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##### Current Personal Umbrella Policies

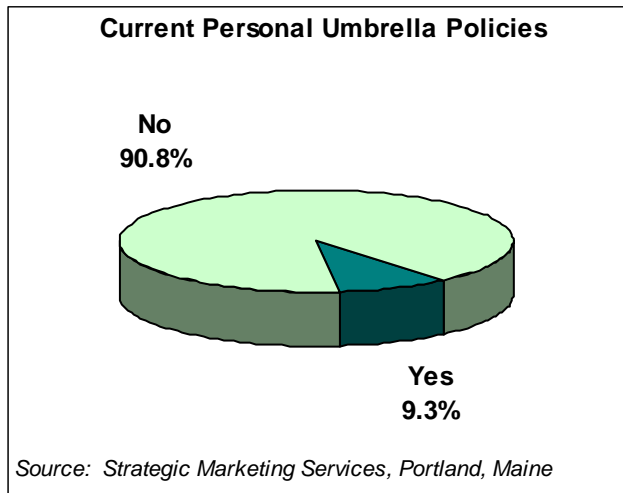
##### *Do you currently have a personal umbrella policy?*

Thirty-seven respondents (9.3%) indicated that they currently have a personal umbrella insurance policy. Ninety-one percent (90.8%) of respondents stated that they do not have a personal umbrella policy.

All of the respondents who stated that they have a personal umbrella policy are homeowners, and only respondents over 35 years of age reported having a personal umbrella insurance policy. Respondents with the highest annual household incomes are the most likely to have personal umbrella insurance (24.3% [\$75k+]).

##### **Current Personal Umbrella Policies:**

	<b>(N=400)</b>
Yes	9.3%
No	90.8%



#### IV. RESIDENTIAL FINDINGS – PERSONAL UMBRELLA

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##### Personal Umbrella Policy in the Past Three Years

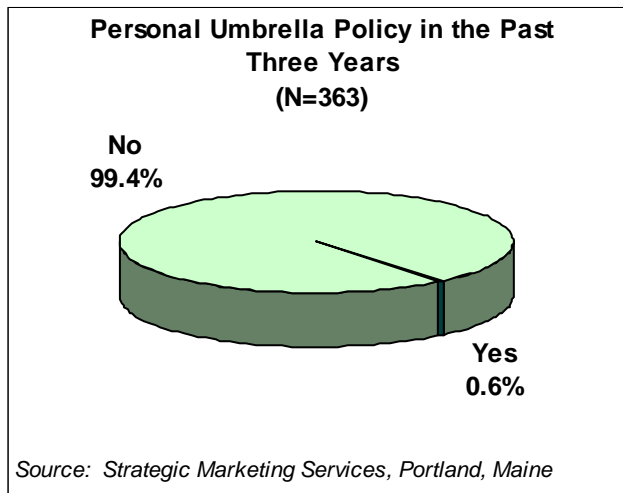
***Have you had a personal umbrella policy in the past three years? [Asked of those who do not currently have a personal umbrella policy]***

Of the 363 respondents who do not currently have a personal umbrella policy, one respondent (0.6%) indicated that they have had a personal umbrella policy in the past three years. Ninety-nine percent (99.4%) said that they have not had a personal umbrella policy in the past three years.

Thus, a total of 39 respondents (or 9.8% of the total sample) have had a personal umbrella policy in the past three years.

##### **Personal Umbrella Policy in the Past Three Years:**

	<b>(N=363)</b>
Yes	0.6%
No	99.4%





#### IV. RESIDENTIAL FINDINGS – PERSONAL UMBRELLA

##### Non-Renewal/Cancellation/Denial of Coverage for Personal Umbrella Policy in the Past Three Years

*In the past three years, have you had a personal umbrella policy that was non-renewed or cancelled, or were you denied coverage for this type of insurance in that time? [Asked of those who have had a personal umbrella policy in the past three years]*

One respondent out of the 39 (2.6%) each said that they had a personal umbrella policy that has either been non-renewed or cancelled in the past three years. No respondent has been denied coverage for a personal umbrella policy in the past three years.

##### **Non-Renewal/Cancellation/Denial of Coverage for Personal Umbrella Policy in the Past Three Years:**

(N=39)	YES	NO
Non-renewed	2.6% (N=1)	97.4% (N=38)
Cancelled	2.6% (N=1)	97.4% (N=38)
Denied	0.0% (N=0)	100.0% (N=39)

*Why was your personal umbrella policy non-renewed? [Asked of those who had a personal umbrella policy non-renewed in the past three years; Unaided; Multiple responses were recorded]*

The one respondent who stated that their personal umbrella insurance policy had been non-renewed in the past three years indicated that the policy was not renewed because they lost their other insurance coverage.

(N=1)	Number of respondents
Loss of other insurance coverage	1

*Why was your personal umbrella policy cancelled? [Asked of those who had a personal umbrella policy cancelled in the past three years; Unaided; Multiple responses were recorded]*

The respondent who stated that their personal umbrella policy was cancelled in the past three years said that they did not know why the policy was cancelled.

(N=1)	Number of respondents
Don't know	1

#### IV. RESIDENTIAL FINDINGS – PERSONAL UMBRELLA

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##### Personal Umbrella Insurance is Becoming Expensive

*To what extent do you agree or disagree with the following statement: “Personal umbrella insurance is becoming expensive.” [Asked of current personal umbrella policy holders]*

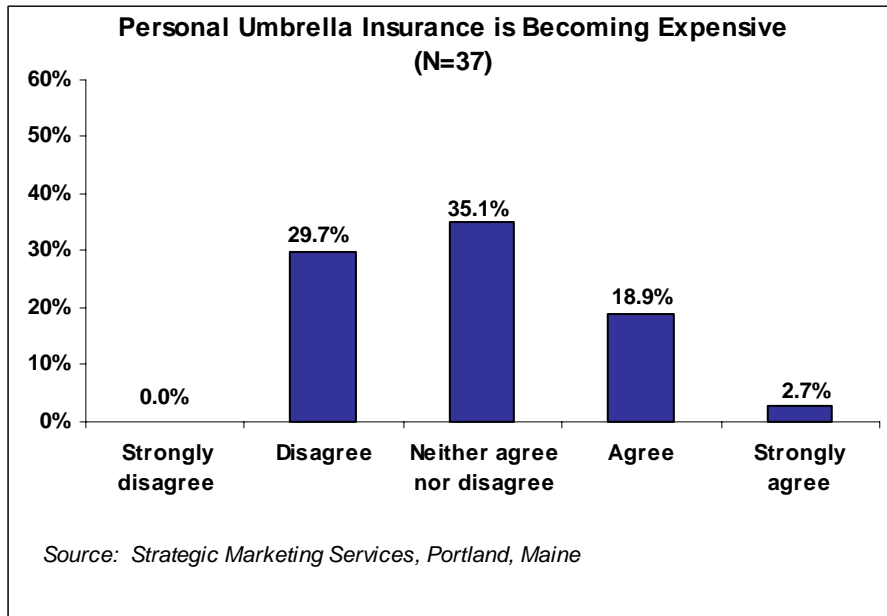
Twenty-two percent (21.6%) of the 37 current personal umbrella policy holders either “agree” (18.9%) or “strongly agree” (2.7%) that personal umbrella insurance is becoming expensive. Thirty percent of those polled (29.7%) “disagree” that personal umbrella insurance is becoming expensive, and 35.1% of those polled “neither agree nor disagree” with this statement.

##### **Personal Umbrella Insurance is Becoming Expensive:**

	<b>(N=37)</b>
1 – Strongly disagree	0.0%
2 – Disagree	29.7%
3 – Neither agree nor disagree	35.1%
4 – Agree	18.9%
5 – Strongly agree	2.7%
Don't know	13.5%
Mean response	2.94

#### IV. RESIDENTIAL FINDINGS – PERSONAL UMBRELLA

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#### IV. RESIDENTIAL FINDINGS – PERSONAL UMBRELLA

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##### **Percentage Personal Umbrella Premium Changed Over the Past Three Years**

***By what percentage did your personal umbrella premium change over the past three years? [Asked of current personal umbrella policy holders; Results tabulated from annual premiums provided by respondents from two years ago, one year ago, and currently]***

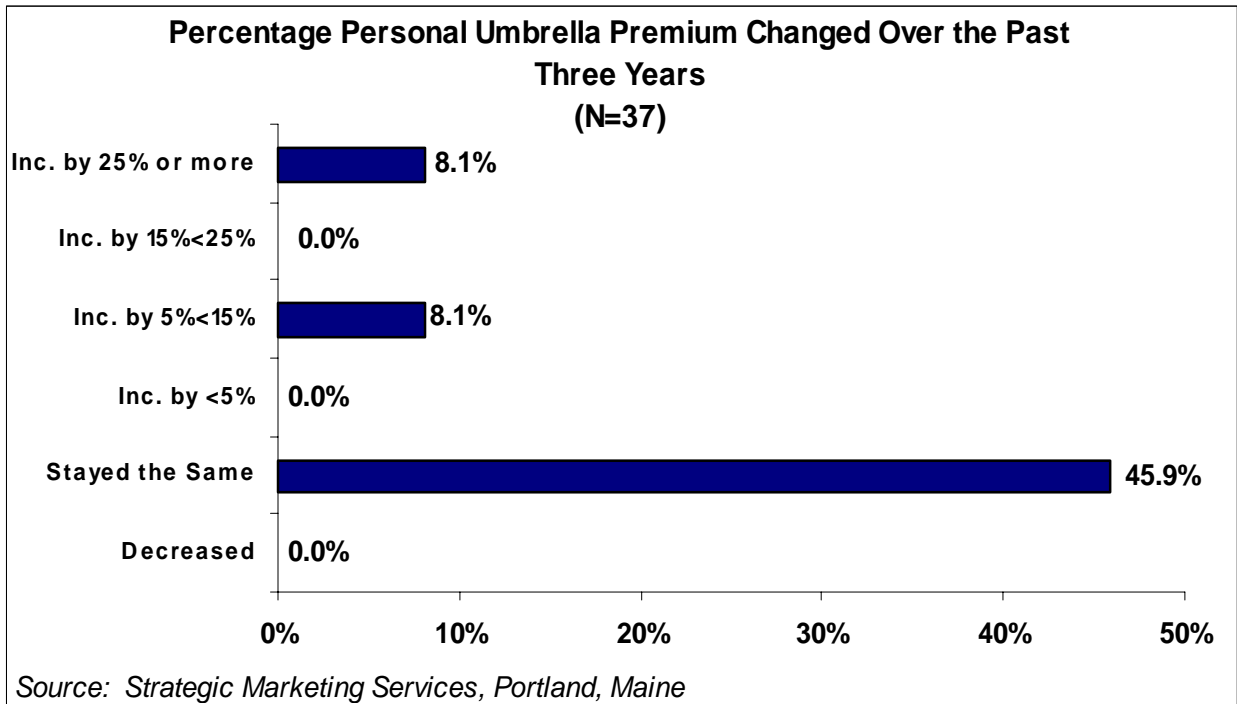
The greatest percentage of these 37 respondents (45.9%) stated that their personal umbrella premium has remained the same over the past three years. Eight percent (8.1%) each indicated that their recreational vehicle premium has increased by 25% or more over the past three years or that their premium has increased between 5% and 15%. Thirty-two percent of respondents (32.4%) did not know their annual premiums.

##### **Percentage Personal Umbrella Premium Changed Over the Past Three Years:**

	<b>(N=37)</b>
Decreased	0.0%
Stayed the same	45.9%
Increased by <5%	0.0%
Increased by 5%<15%	8.1%
Increased by 15%<25%	0.0%
Increased by 25% or more	8.1%
Don't know	32.4%
Refused	5.4%

**IV. RESIDENTIAL FINDINGS – PERSONAL UMBRELLA**

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#### IV. RESIDENTIAL FINDINGS – PERSONAL UMBRELLA

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##### Reason for Increased Personal Umbrella Premium

*Why did your personal umbrella premium increase? [Asked of those whose personal umbrella premium increased over the past three years; Unaided; Multiple responses were recorded]*

One of the six respondents who experienced an increase stated that they have not changed coverage but their personal umbrella premium “just goes up each year”. One respondent said that their personal umbrella premium increased as a result of the September 11<sup>th</sup> tragedy, and another respondent attributed the increase to “normal/cost of living/inflation increases”. Three of the six respondents did not know why their personal umbrella insurance premium increased.

##### **Reason for Increased Personal Umbrella Premium:**

<b>TOP ANSWERS (N=6)</b>	<b>Number of respondents</b>
Haven't changed coverage, just goes up each year	1
9/11 tragedy	1
Normal/cost of living/inflation increase	1
Don't know	3

#### IV. RESIDENTIAL FINDINGS – DEMOGRAPHICS

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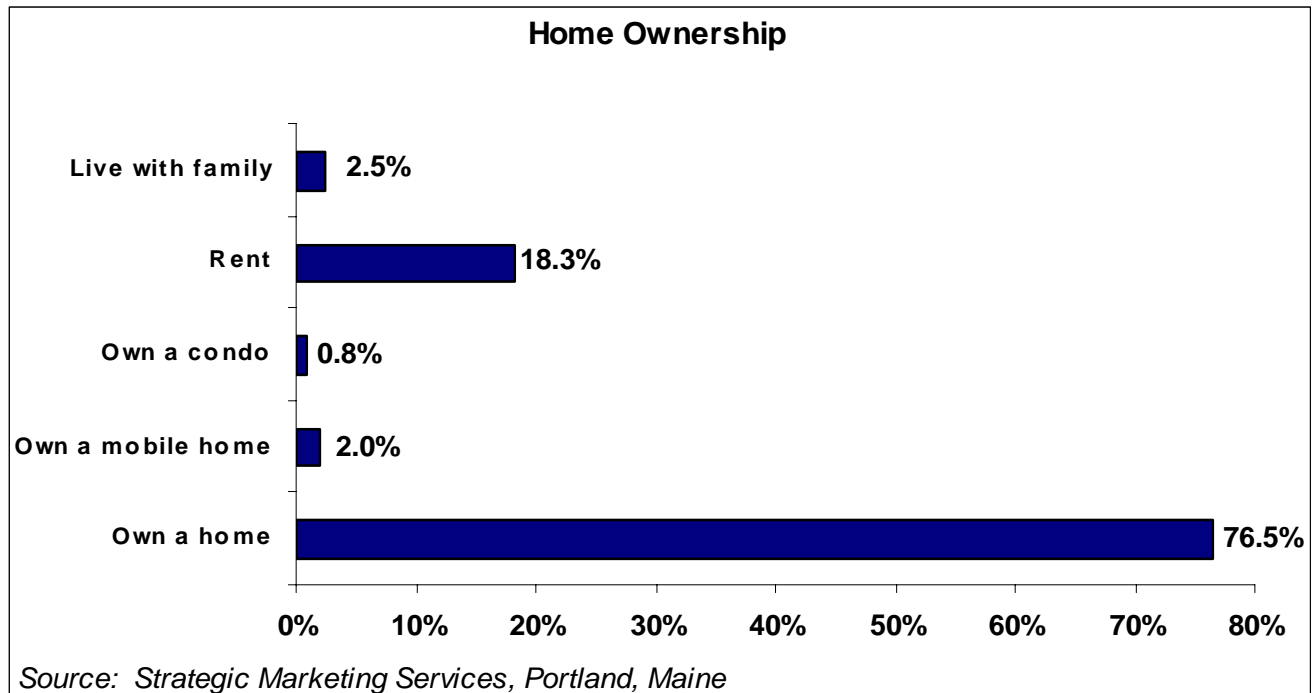
##### Home Ownership

##### *In Maine, do you:*

More than three-quarters of respondents (76.5%) indicated that they own a home in Maine. Eighteen percent (18.3%) said that they rent. While 2.0% own a mobile home, 0.8% own a condo, and 2.5% live with family.

##### **Home Ownership:**

	(N=400)
Own a home	76.5%
Own a mobile home	2.0%
Own a condo	0.8%
Rent	18.3%
Live with family	2.5%



#### IV. RESIDENTIAL FINDINGS – DEMOGRAPHICS

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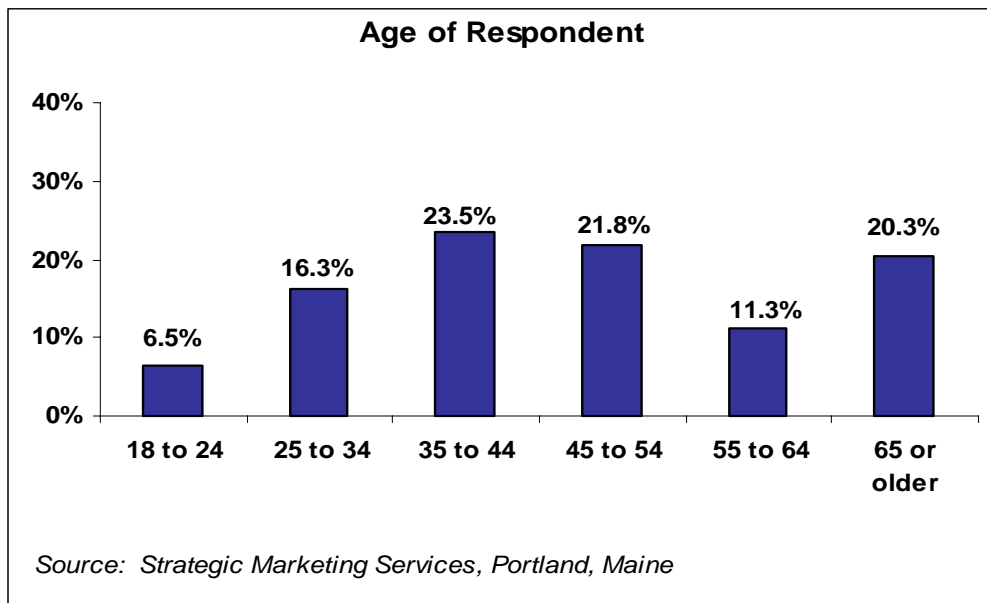
##### Age of Respondent

##### *In which of the following categories does your age fall?*

Seven percent of respondents (6.5%) are between the ages of 18 and 24, while 16.3% are between the ages of 25 and 34. Twenty-four percent of respondents (23.5%) said that they are between the ages of 35 and 44, and 21.8% are between 45 and 54 years of age. Eleven percent (11.3%) of respondents are between the ages of 55 and 64, and 20.3% are 65 or older.

##### **Age of Respondent:**

	(N=400)
18-24	6.5%
25-34	16.3%
35-44	23.5%
45-54	21.8%
55-64	11.3%
65 or older	20.3%
Refused	0.5%





#### IV. RESIDENTIAL FINDINGS – DEMOGRAPHICS

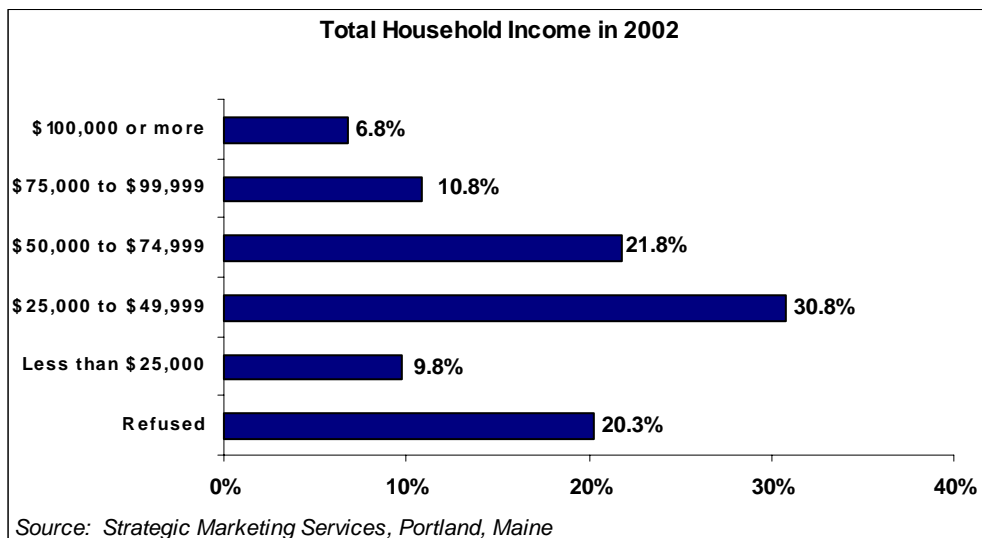
##### Total Household Income

***Which of the following broad income categories includes your total household income in 2002 before taxes?***

Ten percent of those polled (9.8%) said that they had an annual household income of less than \$25,000 in 2002. Over one-half (52.6%) of respondents indicated that they had an annual household income of either \$25,000 to \$49,999 (30.8%) or \$50,000 to \$74,999 (21.8%). Eleven percent of respondents (10.8%) said that their annual household income in 2002 was between \$75,000 and \$99,999, and 6.8% had a household income of \$100,000 or more. Twenty percent of respondents (20.3%) refused to answer this question.

##### **Total Household Income:**

	(N=400)
Less than \$25,000	9.8%
\$25,000 to \$49,999	30.8%
\$50,000 to \$74,999	21.8%
\$75,000 to \$99,999	10.8%
\$100,000 or more	6.8%
Refused	20.3%



#### IV. RESIDENTIAL FINDINGS – DEMOGRAPHICS

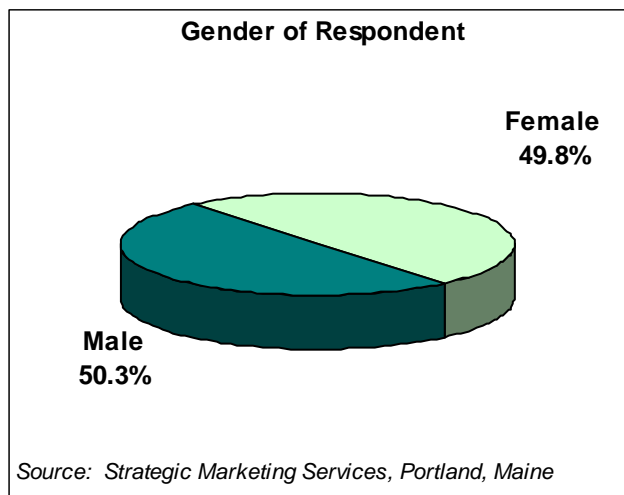
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##### Gender of Respondent

This sample population was comprised of 50.3% males and 49.8% females.

##### Gender of Respondent:

	(N=400)
Male	50.3%
Female	49.8%



## V. BUSINESS FINDINGS – TYPES OF INSURANCE COVERAGE

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### Types of Current Insurance Coverage

**Do you currently have a \_\_\_\_\_ policy? [Multiple responses recorded]**

Eighty-three percent (83.0%) of the 100 businesses surveyed stated that they have general liability insurance, and 47.0% reported having automobile insurance coverage. Nineteen percent (19.0%) of businesses have contractor's liability insurance, while 16.0% indicated that they have umbrella insurance and 13.0% have habitational insurance. *Note: As only two businesses (2.0%) reported having restaurant insurance, this type of business insurance will not be discussed throughout the remainder of the report.*

### **Types of Current Insurance Coverage:**

(N=100)	Have a current policy
General liability	83.0%
Automobile	47.0%
Contractor's liability	19.0%
Umbrella	16.0%
Habitational	13.0%
Restaurant	2.0%

### Types of Insurance Coverage in the Past Three Years

**Have you had a \_\_\_\_\_ policy in the past three years? [Asked of those who do not currently have a \_\_\_\_\_ policy]**

None of the businesses had an insurance policy within the past three years that is not currently in effect. This is true for all types of insurance products.

**V. BUSINESS FINDINGS – TYPES OF INSURANCE COVERAGE**

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**Insurance Coverage Non-Renewed/Cancelled/Denied in the Past Three Years**

*In the past three years, have you had a \_\_\_\_\_ policy that was non-renewed or cancelled, or were you denied coverage for this type of insurance in that time? [Only those types of insurance with ten or more respondent policy holders are included]*

Six of the 83 respondents (7.2%) who said that their business has general liability insurance indicated that they have had a general liability policy that was non-renewed in the past three years, and 1.2% have had a general liability policy cancelled in the past three years. Two of the 19 respondents whose business is covered by contractor’s liability insurance (10.5%) said that their policy was non-renewed in the past three years. One respondent each (2.1%) had an automobile policy that was either non-renewed or cancelled in the past three years. None of the respondents have been denied coverage for, or had a habitational or umbrella insurance policy that was non-renewed or cancelled in the past three years.

**Insurance Coverage Non-Renewed/Cancelled/Denied in the Past Three Years:**

	<b>Non-Renewed</b>	<b>Cancelled</b>	<b>Denied</b>
General Liability (N=83)	7.2% (N=6)	1.2% (N=1)	0.0% (N=0)
Contractor’s Liability (N=19)	10.5% (N=2)	0.0% (N=0)	0.0% (N=0)
Habitational (N=13)	0.0% (N=0)	0.0% (N=0)	0.0% (N=0)
Umbrella (N=16)	0.0% (N=0)	0.0% (N=0)	0.0% (N=0)
Automobile (N=47)	2.1% (N=1)	2.1% (N=1)	0.0% (N=0)

## V. BUSINESS FINDINGS – TYPES OF INSURANCE COVERAGE

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### Insurance Coverage Non-Renewed/Cancelled/Denied in the Past Three Years

*Why was your \_\_\_\_\_ policy non-renewed/cancelled, or why were you denied for a \_\_\_\_\_ policy? [Asked of those who had a \_\_\_\_\_ policy non-renewed/cancelled or who were denied for such a policy in the past three years; Unaided; Multiple responses were recorded]*

#### General Liability – Why Non-Renewed

Of the six respondents who indicated that their general liability policy has been non-renewed in the past three years, four stated that the policy was not renewed because the insurance company is no longer writing that line of insurance. One respondent stated that their policy was non-renewed because they had filed an insurance claim, and another respondent did not know why their policy had been non-renewed.

#### **General Liability – Why Non-Renewed:**

(N=6)	Number of respondents
Company is no longer writing that line of insurance	4
Filed a claim	1
Don't know	1

#### General Liability – Why Cancelled

The respondent who indicated that their general liability insurance has been cancelled in the past three years stated the policy was cancelled because the insurance company is no longer writing that line of insurance.

#### **General Liability – Why Cancelled**

(N=1)	Number of respondents
Company is no longer writing that line of insurance	1

## V. BUSINESS FINDINGS – TYPES OF INSURANCE COVERAGE

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### **Contractor's Liability – Why Non-Renewed**

One respondent stated that their contractor's liability coverage was non-renewed in the past three years because the company was no longer offering that line of insurance, and another respondent said that they did not know why their contractor's liability policy had been non-renewed in the past three years.

### **Contractor's Liability – Why Non-Renewed**

(N=2)	Number of respondents
Company is no longer writing that line of insurance	1
Don't know	1

### **Automobile – Why Non-Renewed**

The respondent who stated that their automobile insurance policy has been non-renewed in the past three years said that the company is no longer offering that line of insurance.

### **Automobile – Why Non-Renewed**

(N=1)	Number of respondents
Company is no longer writing that line of insurance	1

### **Automobile – Why Cancelled**

The respondent who said that their automobile insurance policy has been cancelled in the past three years indicated that the policy was cancelled because they had filed an insurance claim.

### **Automobile – Why Cancelled**

(N=1)	Number of respondents
Filed a claim	1

**V. BUSINESS FINDINGS – TYPES OF INSURANCE COVERAGE**

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**Commercial Insurance is Becoming Expensive**

*To what extent do you agree or disagree with the following statement? “\_\_\_\_\_ insurance is becoming expensive.” Please use a scale from 1 to 5, where “1” means “Strongly disagree” and “5” means “Strongly agree.” [Asked only of current policy holders of each type of insurance. Only those types of insurance with 10 or more respondent policy holders are included.]*

Of the five different types of business insurance examined below, current automobile policy holders are more likely than policy holders of other types of insurance to “agree” or “strongly agree” that “automobile insurance is becoming expensive” (mean = 4.02). Habitational insurance policy holders also tend to agree that this type of insurance is becoming expensive (mean = 3.85), followed by contractor’s liability (mean = 3.84) and general liability (mean = 3.20). Current umbrella policy holders appear the most satisfied with their current premium, as three-quarters (75.0%) of the 16 respondents indicated that they “neither agree nor disagree” that “umbrella insurance is becoming expensive”. The overall mean for this type of insurance is the lowest of the five types of business insurance policies examined (mean = 3.00).

**Commercial Insurance is Becoming Expensive:**

	<b>1 - Strongly disagree</b>	<b>2 - Disagree</b>	<b>3 - Neither agree nor disagree</b>	<b>4 - Agree</b>	<b>5 - Strongly agree</b>	<b>Mean</b>
Automobile (N=47)	0.0%	6.4%	10.6%	57.4%	25.5%	4.02
Habitational (N=13)	0.0%	7.7%	7.7%	76.9%	7.7%	3.85
Contractor’s liability (N=19)	0.0%	5.3%	21.1%	57.9%	15.8%	3.84
General liability (N=83)	1.2%	24.1%	36.1%	30.1%	8.4%	3.20
Umbrella (N=16)	6.3%	6.3%	75.0%	6.3%	6.3%	3.00

## V. BUSINESS FINDINGS – TYPES OF INSURANCE COVERAGE

### Percentage Annual Premium Change Over the Past Three Years

***By what percent did your \_\_\_\_\_ annual premium change over the past three years? [Only those types of insurance with 10 or more respondent policy holders are included.]***

Eighty-two percent (81.9%) of the 83 respondents whose businesses have general liability insurance reported an increase in their premium over the past three years, with 26.5% experiencing an increase of 25% or more. Similarly, 84.2% of the 19 respondents with contractor's liability experienced an increase, with 52.6% reporting an increase of 25% or more. The majority of the habitational policy holders experienced an increase of either 5 to less than 15% (38.5%) or 15 to less than 25% (38.5%). Umbrella policy premiums appear to be the most stable of the insurance policies examined below, as 50.0% of the 16 respondents with this type of insurance have not experienced a change in their premium over the past three years. In addition, 6.3% have experienced a decrease in their premium. The vast majority of automobile insurance holders have also seen an increase in their premium (93.7%).

### **Percentage Annual Premium Change Over the Past Three Years:**

	<b>Decreased</b>	<b>Stayed the same</b>	<b>Inc. &lt;5%</b>	<b>Inc.5&lt;15%</b>	<b>Inc. 15&lt;25%</b>	<b>Inc. 25%+</b>
General liability (N=83)	3.6% (N=3)	14.5% (N=12)	15.7% (N=13)	30.1% (N=25)	9.6% (N=8)	26.5% (N=22)
Contractor's liability (N=19)	0.0% (N=0)	15.8% (N=3)	5.3% (N=1)	10.5% (N=2)	15.8% (N=3)	52.6% (N=10)
Habitational (N=13)	0.0% (N=0)	7.7% (N=1)	0.0% (N=0)	38.5% (N=5)	38.5% (N=5)	15.4% (N=2)
Umbrella (N=16)	6.3% (N=1)	50.0% (N=8)	0.0% (N=0)	18.8% (N=3)	12.5% (N=2)	12.5% (N=2)
Automobile (N=47)	0.0% (N=0)	6.4% (N=3)	4.3% (N=2)	38.3% (N=18)	27.7% (N=13)	23.4% (N=11)



## V. BUSINESS FINDINGS – DEMOGRAPHICS

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### Type of Business

#### *What is the specific type of work or business that you operate?*

Although a wide variety of businesses were represented in this sample, the greatest percentage of respondents (11.0%) identified themselves as retailers. Four respondents each (4.0%) operate a plumbing business, daycare, campground, or trucking business. Three respondents each identified themselves as roofers, antique dealers, food/food brokers, or gym/diet centers.

#### **Type of Business:**

<b>Top Answers (N=100)</b>	<b>Percent of respondents</b>	<b>Number of respondents</b>
Retailer	11.0%	11
Plumber	4.0%	4
Daycare	4.0%	4
Campground	4.0%	4
Trucking	4.0%	4
Roofer	3.0%	3
Antique dealer	3.0%	3
Food/food broker	3.0%	3
Gym/Diet center	3.0%	3

Note: These are the top answers only; a complete listing of answers can be found in the cross tabulation tables.

## V. BUSINESS FINDINGS – DEMOGRAPHICS

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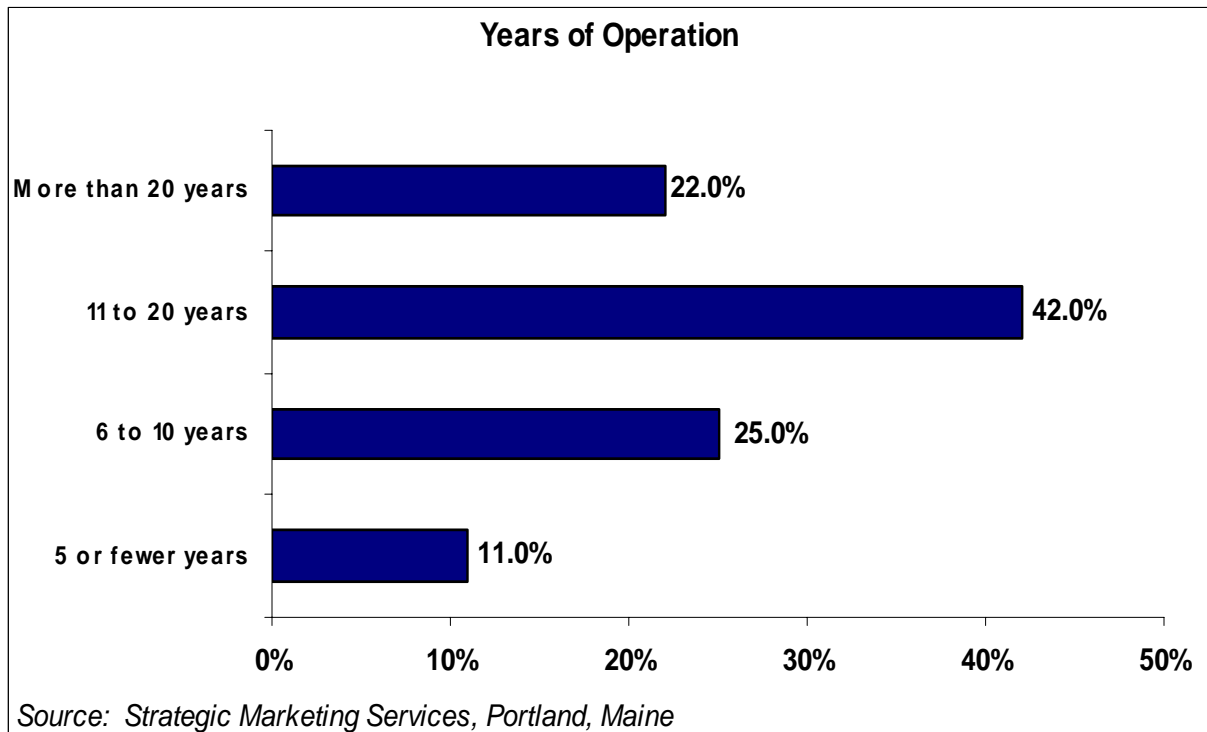
### Years of Operation

#### *How long have you been in business?*

Eleven percent (11.0%) of respondents have been in business for 5 years or less, while 25.0% of respondents have been in business between six and ten years. The highest percentage of respondents (42.0%) have been in business from 11 to 20 years, and 22.0% of respondents have been in business for more than twenty years.

#### **Years of Operation:**

	(N=100)
5 or fewer years	11.0%
6 to 10 years	25.0%
11 to 20 years	42.0%
More than 20 years	22.0%



## V. BUSINESS FINDINGS – DEMOGRAPHICS

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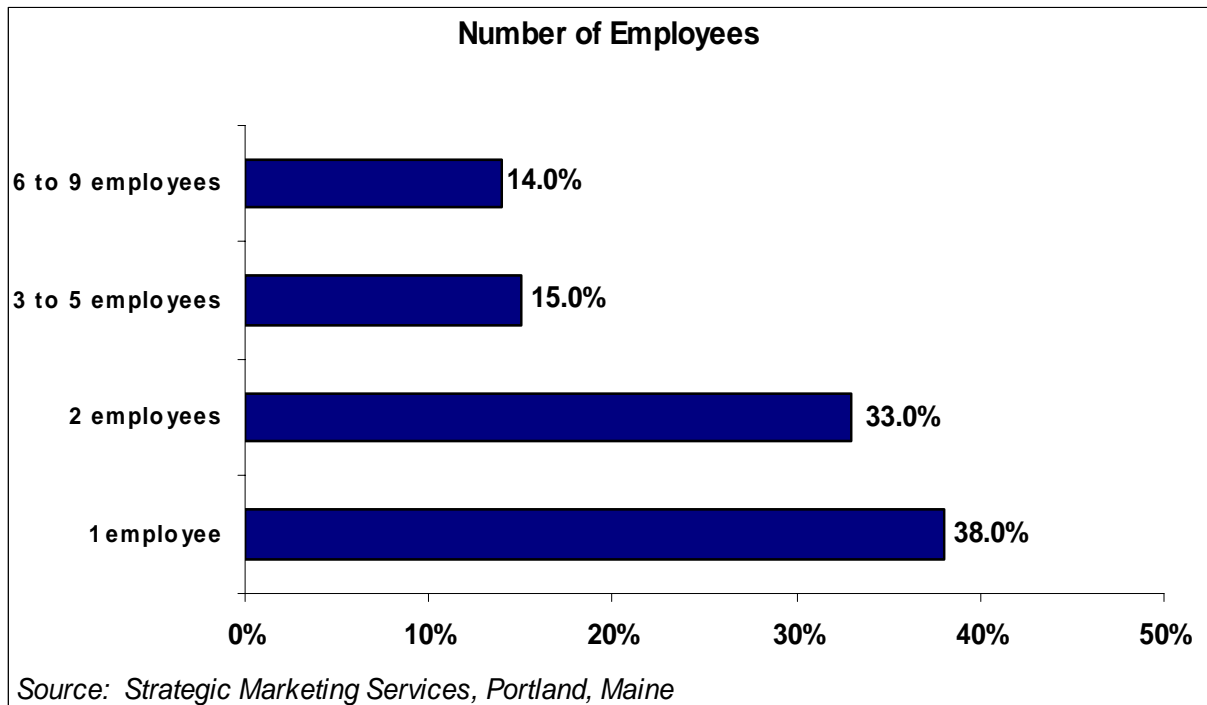
### Number of Employees

#### *How many people are employed in your business?*

Thirty-eight percent of the businesses surveyed (38.0%) have one employee, while 33.0% of the businesses have two employees. Fifteen (15.0%) stated that they have three to five employees, and 14.0% have between six and nine employees.

#### **Number of Employees:**

	(N=100)
1 employee	38.0%
2 employees	33.0%
3 to 5 employees	15.0%
6 to 9 employees	14.0%



#### IV. BUSINESS FINDINGS – DEMOGRAPHICS

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##### **Gross Revenue**

##### ***Which of the following gross revenue categories applied to your business in 2002?***

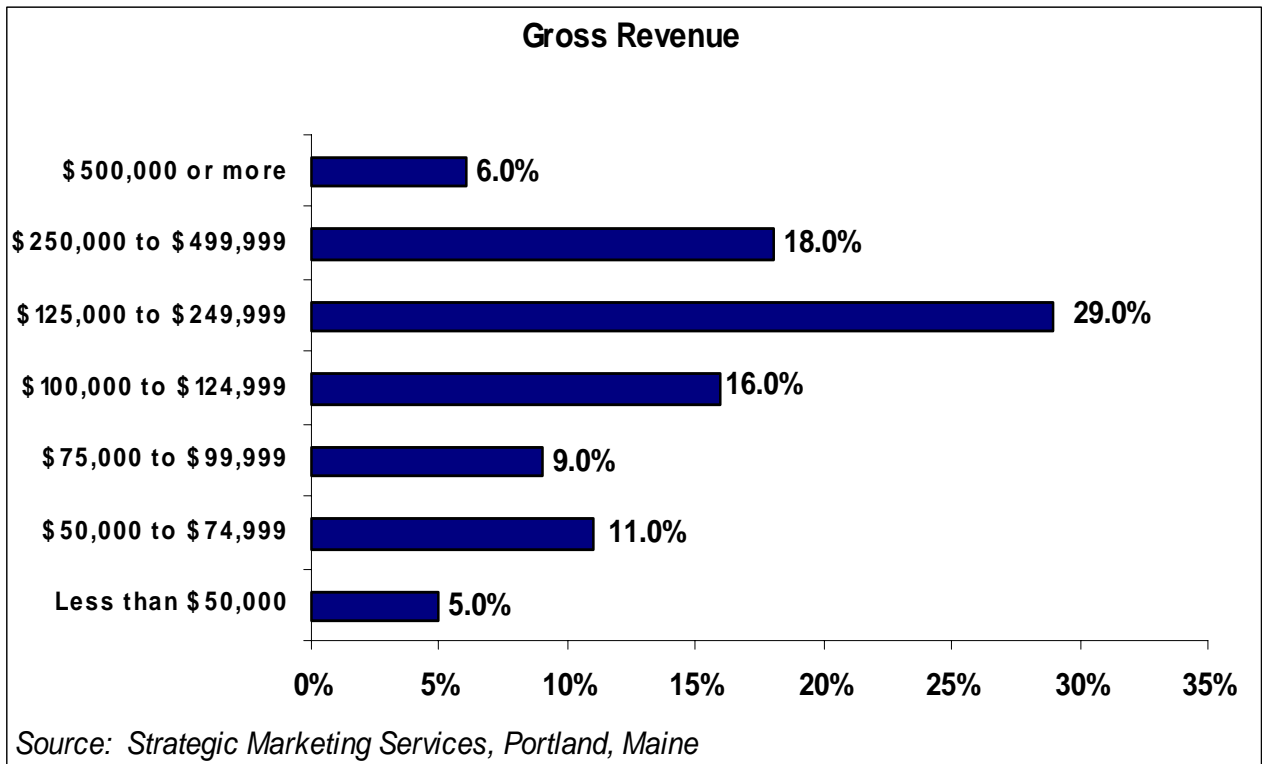
Five percent of those polled (5.0%) said that they had a gross revenue of less than \$50,000 in 2002. Twenty percent (20.0%) of respondents indicated that they had a gross revenue of either \$50,000 to \$74,999 (11.0%) or \$75,000 to \$99,999 (9.0%). Sixteen percent of respondents (16.0%) said that their gross revenue in 2002 was between \$100,000 and \$124,999, and 29.0% had gross revenue of \$125,000 to \$249,999. Eighteen respondents (18.0%) reported a gross revenue between \$250,000 and \$499,999 for 2002, and six respondents (6.0%) reported a gross revenue of \$500,000 or more. Six percent of respondents (6.0%) refused to answer this question.

##### **Gross Revenue:**

	<b>(N=100)</b>
Less than \$50,000	5.0%
\$50,000 to \$74,999	11.0%
\$75,000 to \$99,999	9.0%
\$100,000 to \$124,999	16.0%
\$125,000 to \$249,999	29.0%
\$250,000 to \$499,999	18.0%
\$500,000 or more	6.0%
Refused	6.0%

#### IV. BUSINESS FINDINGS – DEMOGRAPHICS

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**Appendix D**  
**Company Survey**

1. Company Name: \_\_\_\_\_
2. Respondent Name: \_\_\_\_\_
3. Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. Telephone #: \_\_\_\_\_
5. E-mail address: \_\_\_\_\_
6. Fax #: \_\_\_\_\_

7. Please indicate the products offered by your Company.

Personal Lines (Check boxes of lines offered)

- |   |   |
|---|---|
| <input type="checkbox"/> Automobile       | <input type="checkbox"/> Homeowner            |
| <input type="checkbox"/> Condominium      | <input type="checkbox"/> Apartment            |
| <input type="checkbox"/> Umbrella         | <input type="checkbox"/> Recreational Vehicle |
| <input type="checkbox"/> Gentleman's Farm | <input type="checkbox"/> Mobile home          |
| <input type="checkbox"/> Trailer Park     |   |

Other \_\_\_\_\_  
\_\_\_\_\_

Commercial Lines (Check boxes of lines offered)

- |  |  |
|--|--|
| <input type="checkbox"/> Bed & Breakfast                 | <input type="checkbox"/> Convenience Stores (single owner) |
| <input type="checkbox"/> Plumber                         | <input type="checkbox"/> Carpenter                         |
| <input type="checkbox"/> Sheet Rocker                    | <input type="checkbox"/> Roofer                            |
| <input type="checkbox"/> Snowplower/Gardener             | <input type="checkbox"/> Restaurant/Restaurant with Bar    |
| <input type="checkbox"/> Garage Owner                    | <input type="checkbox"/> Campground/Hunt/Fish Camps        |
| <input type="checkbox"/> Marinas                         | <input type="checkbox"/> Small Manufacturer                |
| <input type="checkbox"/> Retailer                        | <input type="checkbox"/> Bar                               |
| <input type="checkbox"/> Commercial Trucking (long haul) | <input type="checkbox"/> Commercial Trucking (local)       |
| <input type="checkbox"/> Completed Operations            | <input type="checkbox"/> Boiler & Machinery                |
| <input type="checkbox"/> Daycare                         | <input type="checkbox"/> Fishing Industry                  |
| <input type="checkbox"/> Condominium Association         | <input type="checkbox"/> New/Used Car Dealer               |
| <input type="checkbox"/> Taxi/Livery Service             | <input type="checkbox"/> Apartment                         |

Other \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





9. Based on your reinsurance program in effect please advise the amount of risk retained (list by program or coverage if different):

<u>Program/Coverage</u>	<u>2002</u>	<u>1999</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

10. What impact has lower interest rates and other changes in the investment marketplace had on your underwriting strategies?

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11. Has your Company non renewed policies for any product or specific risk profiles within a product in the Maine market since December 31, 1999?

Yes  No

If yes, please advise what product or specific risk profile has been non renewed, when this action was initiated and the reason for non renewal.

<u>Product/Risk Profile</u>	<u>Date Initiated</u>	<u>Reason</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

12. Homeowners Policies:

b.) Please provide the annual premium & policy count for HO3 policies, by ISO territory code for the years 2000 and 2003:

<u>Territory</u>	2003		2000	
	<u>Premium</u>	<u>Policy Count</u>	<u>Premium</u>	<u>Policy Count</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

(please use supplemental sheet if needed)

b.) During the period of December 31, 1999 through June 30, 2003 please advise what HO3 underwriting rule changes you have implemented.

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c.) Have you been issuing new business HO3 policies for (i) coastal properties or (ii) protection class 10 business.

Yes    No

Please provide your underwriting perspective on these classes of risks:

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d.) In the last three years have you experienced any increase in a particular type of claim for HO3 policies?

Yes    No

If yes please provide details.

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e.) For HO3 policies please describe the procedures followed during the renewal process.

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13. Tenants (rented premises) Policies:

a.) Please provide the annual premium & policy count for HO4 policies, by ISO territory code for the years 2000 and 2003:

<u>Territory</u>	<u>2003</u>		<u>2000</u>	
	<u>Premium</u>	<u>Policy Count</u>	<u>Premium</u>	<u>Policy Count</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

(please use supplemental sheet if needed)

b.) During the period of December 31, 1999 through June 30, 2003 please advise what HO4 underwriting rule changes you have implemented.

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c.) In the last three years have you experienced any increase in a particular type of claim for HO4 policies?

Yes    No

If yes please provide details.

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d.) For HO4 policies please describe the procedures followed during the renewal process.

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14. Contractor's Liability:

a.) Please provide the average annual premium for contractor's liability policies issued during the years 2000 and 2003. For rating purposes assume liability limits of \$500,000. If your program is structured by class please provide rate information for each class.

<u>Program Name</u>	<u>Class</u>	2003 <u>Premium</u>	2000 <u>Premium</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

b.) During the period of December 31, 1999 through June 30, 2003 please advise what underwriting guideline changes you have implemented for contractors liability.

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c.) Please describe any loss control programs used by the Company during this period for contractor's liability.

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15. Roofers Liability:

a.) Please provide the average annual premium for roofer's liability policies issued during the years 2000 and 2003. For rating purposes assume liability limits of \$500,000. If your program is structured by class please provide rate information for each class.

<u>Program Name</u>	<u>Class</u>	2003 <u>Premium</u>	2000 <u>Premium</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

b.) During the period of December 31, 1999 through June 30, 2003 please advise what underwriting guideline changes you have implemented for roofer's liability.

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c.) Please describe any loss control programs used by the Company during this period for roofer's liability.

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16. Garage Owner's Liability:

a.) Please provide the average annual premium for garage owner's liability policies during the years 2000 and 2003. For rating purposes assume liability limits of \$500,000. If your program is structured by class please provide rate information for each class.

<u>Program Name</u>	<u>Class</u>	2003 <u>Premium</u>	2000 <u>Premium</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

b.) During the period of December 31, 1999 through June 30, 2003 please advise the underwriting guideline changes you have implemented for garage owners liability.

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c.) Please describe any loss control programs used by the Company during this period for garage owners' liability.

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17. Apartment Owners (Habitational):

a.) Please provide the average annual premium for apartment owners' policies during the years 2000 and 2003. For rating purposes assume liability limits of \$500,000. If your program is structured by territory/class please provide rate information for each territory/class.

<u>Program Name</u>	<u>Class</u>	2003 <u>Premium</u>	2000 <u>Premium</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

b.) During the period of December 31, 1999 through June 30, 2003 please advise the underwriting guideline changes you have implemented for apartment owners policies.

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c.) Please describe any loss control programs used by the Company during this period for apartment owners' policies.

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18.Start Up Business:

a.) Please provide the average annual premium for start up business policies during the years 2000 and 2003. For rating purposes assume liability limits of \$500,000. If your program is structured by territory/class please provide rate information for each territory/class.

<u>Program Name</u>	<u>Class</u>	2003 <u>Premium</u>	2000 <u>Premium</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

b.) During the period of December 31, 1999 through June 30, 2003 please advise the underwriting guideline changes you have implemented for start up business policies.

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c.) Please describe any loss control programs used by the Company during this period for start up business policies.

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19. In the past three years have you experienced claims activity for coverage which was not anticipated at the time the policy was underwritten?

Yes    No

If yes please provide details.

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20. In your opinion, what could the State of Maine do to facilitate availability and affordability of insurance in this state? Please include in your response (i) a description of the current environment, (ii) a detailed description of your proposal and (iii) based on your judgment, a description of how your proposal would affect the Maine marketplace.

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21. If your response to question 18 includes legislative or regulatory change please describe what action your company would take if the change was adopted.

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**Appendix E**  
**Survey of Other New England States**

In order to ascertain the general market conditions in other New England states the Bureau of Insurance prepared a survey which was sent to the Insurance Departments in Connecticut, Massachusetts, New Hampshire, Rhode Island and Vermont.

Three of these states (Connecticut, Massachusetts and Rhode Island) have a FAIR plan and two do not (New Hampshire and Vermont). The responses to availability of insurance for both homeowners and apartments reflected this distinction.

Problems of availability for homeowners and apartment owners insurance in New Hampshire mirror the problems experienced in Maine. Vermont reports similar problems but to a lesser extent as Vermont does not have the coastal or island property issue.

General contractors, who subcontract more than 50% of the work, were also reported as problematic in Vermont and Connecticut.

In addition, only New Hampshire and Vermont indicated an increase in complaints received over the past three years. New Hampshire noted the increase was for homeowners, automobile and commercial insurance whereas Vermont only identified the homeowners market.

Of the five states surveyed only New Hampshire indicated that it had performed a study on insurance availability within the past three years. This study was the result of the New Hampshire Department receiving numerous consumer and producer calls regarding the availability and cost of homeowners and commercial property coverage. New Hampshire Legislators and Executive Councilors also heard complaints from constituents.

The following excerpt is from the Report of the New Hampshire Insurance Department Relative to the Availability of Homeowners Coverage & Commercial Property Coverage dated September 20, 2002:

*“The Department has found:*

- *A hard market exists.*
- *Insurers are applying renewed focus to underwriting guidelines and adequate pricing.*
- *Property coverage (personal and commercial lines) is more difficult to obtain.*
- *Premium costs for property coverage (personal and commercial lines) have increased dramatically.*
- *Producers are working more diligently than ever to find coverage for certain risks.*
- *More risks, both personal and commercial lines, are being placed in the surplus lines market.*
- *Surplus lines coverage is expensive and has some concerning exclusions (i.e. wind, dogs) and narrower coverages.*

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*Mindful of the fact that there are limitations to the insurance mechanism, and that intervention in the voluntary market has the potential of creating unanticipated adverse consequences, the Department has determined that formal regulatory measures at this time are neither necessary nor appropriate. Nonetheless, the Department will maintain regulatory vigilance to ensure that, should the market experience further deterioration, the Department will be positioned to move quickly. Toward that end, the Department is requesting that industry provide recommendations as to the design of a market assistance program narrowly targeted to the prevailing market conditions presently being experienced by New Hampshire consumers. Initial request for input is being directed to the top ten carriers by premium volume presently writing in both the commercial and homeowner lines. Input is also being requested from other carriers through insurer trade associations. Additionally we are requesting that producer associations provide the Department with input on the administrative issues raised by the consideration of a market assistance program.”*

The survey included a review of the cancellation/non renewal statutes. Of note in this review is:

- New Hampshire (417-C:3) – “No insurer shall increase renewal premium more than 25 percent for a twelve-month renewal term or refuse to renew a policy at its expiration or anniversary if written for a term of more than one year unless such insurer or its agent shall mail or physically (not electronically) deliver to the named insureds at the address shown on the policy, advance notice of the proposed renewal premium or its intention not to renew. The notice shall be at least 60 days in advance of the policy’s scheduled expiration or anniversary date. ....”
- New Hampshire (417-B:3-a) – a homeowner’s insurance policy shall not be nonrenewed based solely on the insured having filed a single valid claim during any previous policy term.
- Connecticut law requires that notice of nonrenewal or cancellation be accompanied by a statement of the specific reason for the company’s action. Nonspecific reasons such as “claims experience,” “underwriting judgment” or “increased hazard” are unacceptable. If claims experience is the reason the claims should be listed on the notice, increased hazard should identify the specific hazard and material misrepresentation should identify the specific misrepresentation. Nonrenewal or cancellation notices that do not comply with these and other Connecticut requirements are considered invalid.

The five states also identified workers compensation, medical malpractice and nursing homes as insurance programs experiencing availability issues in their states.

Survey of Insurance Regulation - Other New England States

1. Have you performed any studies within the past 3 years in regard to insurance availability in your State?

Yes  No

2. If response to question 1 is yes could you please include a copy of the study with your response to this survey?

3. Please provide a brief description of your rate approval process for homeowner's insurance and commercial liability insurance.

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4. Please provide a brief description or citation for any statute and/or rules, if any, for a company to nonrenew or cancel coverage for personal lines and small commercial policies.

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5. Have you seen an increase in complaints over the past three years?

Yes  No

6. If your response to question 5 is yes, what specific lines of insurance have increased and is a specific type of complaint prevalent?

<u>Type of Insurance</u>	<u>Type of Complaint</u>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

7. Do you have a “Fair Plan” or similar vehicle for homeowner’s insurance coverage not generally available in the marketplace?

Yes  No

8. If answer to question 7 is yes could you provide a copy of the most recent financial results of the plan?

9. To date our survey(s) have indicated companies are less likely today to provide insurance for the risks with the following characteristics. Please indicate in the box provided whether or not you are experiencing similar tendencies.

Homeowners:

Coastal Property	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Island Property	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
1000 ft of Ocean	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Breed of Dog	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Trampolines	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Electrical not updated	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Plumbing not updated	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Prior Claims	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Seasonal home	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Age of home	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Pool	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Common flue	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

Apartments:

Seasonal tenant	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Electric not updated	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Plumbing not updated	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Subsidized housing	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
General upkeep	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Over 4 floors	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Over 8 units	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Age of building	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

General Contractors:

Subcontract 75% of work	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Subcontract 50% of work	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Roofers	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

10. Are there areas or lines of business not addressed in this survey which are facing availability or affordability issues in your state?

Yes  No

If yes, describe \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. Would you like a copy of the final report issued by the Bureau on trends in homeowners and small commercial insurance?

Yes  No

If yes, please provide name and address of individual to whom the report should be sent:

Name:

Address:

E-Mail:

**Appendix F**

**Recent Legislative Initiatives in Other States**

**Alaska**

2003 Bill Tracking AK H.B. 151, LAST-ACTION: JULY 10, 2003; Chapter No., Relates to claims and court actions for defects in the design, construction and remodeling of certain dwellings; limits when certain court actions may be brought; provides for collateral sources in that a court shall deduct from compensation awarded under a homeowner's warranty contract or homeowner's insurance policy as compensation for the defects that are the subject of the action., ALASKA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Arkansas**

2003 Bill Tracking AR H.B. 2211, 2003 LAST-ACTION: APRIL 16, 2003; Act No., Makes technical corrections to the Arkansas code of 1987 annotated; includes job related economic development tax credits, insurance company taxes, local sales and use taxes, volunteer fire department exemption from gross receipts taxes, homeowner insurance rates, insurance agencies and licenses, insurance taxes, county reinsurance, limited, and national reinsurance facilities., ARKANSAS BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**California**

2003 Bill Tracking CA S.B. 64, LAST-ACTION: JULY 9, 2003; In ASSEMBLY Committee on INSURANCE: Reconsideration granted, Provides no notice of nonrenewal of homeowners' insurance shall be effective unless it is based on specified events. Prohibits an homeowners' insurance insurer from using credit ratings, reports, scoring models or information to underwrite, classify, rate, refuse to issue, non-renew or cancel such policies. Adds privileged personal information from an insurance-support organization in which an insurer may not base adverse underwriting decisions, CALIFORNIA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking CA S.B. 691, LAST-ACTION: JULY 9, 2003; In ASSEMBLY Committee on INSURANCE: Reconsideration granted, Relates to homeowner's insurance. Prohibits an insurer from using, in whole or in part, credit ratings, credit reports, credit scoring models or other related credit or financial information as a basis to underwrite, rate or determine a placement in a particular payment plan for specified policies., CALIFORNIA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Florida**

2003 Bill Tracking FL H.B. 1271, LAST-ACTION: MAY 2, 2003; In HOUSE. Died in committee., Provides applicability of specified consumer protection laws to business of insurance; provides responsibilities of the Insurance Office; prohibits issuance of certain types of insurance policies without also issuing medical malpractice insurance to health care providers; provides for underwriting rules relating to automobile and homeowner's insurance., FLORIDA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking FL S.B. 1712, LAST-ACTION: JUNE 26, 2003; Filed as Chapter No., Relates to governmental reorganization; makes provisions regarding the Office of the Chief Financial Officer; relates to medical and remedial care in worker's compensation, prohibited financial interests, self-insurance funds, alternative rate adoption, campaign contribution limitations, regulation of HMOs, disputed motor vehicle insurance claims, insurance company receivership and homeowners insurance



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companies., FLORIDA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Hawaii**

2003 Bill Tracking HI H.B. 882, LAST-ACTION: JANUARY 24, 2003; To HOUSE Committee on HUMAN SERVICES AND HOUSING., Imposes civil third-party liability for damages caused by intoxication of persons under age 21; prohibits certain subrogation claims; excludes certain homeowner's insurance coverage; prohibits adults from providing liquor for consumption or use by a minor., HAWAII BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking HI S.B. 1234, LAST-ACTION: MAY 20, 2003; Act No., Imposes civil third-party liability for damages caused by intoxication of persons under age 21; prohibits certain subrogation claims; excludes certain homeowner's insurance coverage; prohibits adults from providing liquor for consumption or use by a person under 21 years of age; increases the minimum fine for violations; provides penalties for certain minors., HAWAII BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Illinois**

2003 Bill Tracking IL H.B. 502, LAST-ACTION: MARCH 13, 2003; Re-referred to HOUSE Committee on RULES., Amends the Illinois Insurance Code. Prohibits the use of credit reports in the underwriting and pricing of homeowners insurance. ILLINOIS BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Iowa**

2003 Bill Tracking IA H.B. 599 LAST-ACTION: AUGUST 28, 2003; Chapter No., Relates to property insurance; includes establishment of a mandatory plan to assure fair access to insurance requirements; provides for an effective date and retroactive applicability; includes fire, vandalism and malicious mischief endorsements, and homeowners insurance; establishes a plan, an industry placement and a joint reinsurance association., IOWA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Kentucky**

2003 Bill Tracking KY H.B. 143, LAST-ACTION: FEBRUARY 6, 2003; Posted in committee., Prohibits unfair discrimination by property or casualty insurers in the terms or conditions of any insurance contract, or in the rate or amount of premium charged; defines unfair discrimination to include refusing to renew, declining to offer or write, or charging a different rate for an equivalent amount of homeowner's insurance because of geographic area., KENTUCKY BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Louisiana**

2003 Bill Tracking LA H.B. 53, LAST-ACTION: MARCH 31, 2003; To HOUSE Committee on INSURANCE., Provides that the use of credit scoring for automobile and homeowners insurance is an unfair trade practice., LOUISIANA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking LA H.B. 118, LAST-ACTION: MARCH 31, 2003; To HOUSE Committee on INSURANCE., Provides that the use of credit scoring for automobile and homeowners insurance is an unfair trade practice., LOUISIANA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

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2003 Bill Tracking LA H.B. 1107, LAST-ACTION: MARCH 31, 2003; To HOUSE Committee on INSURANCE., Limits the use of credit scoring by insurance companies for private passenger and homeowner's insurance., LOUISIANA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking LA H.B. 1788, LAST-ACTION: JULY 2, 2003; Act No., Creates the Louisiana Citizens Property Insurance Corporation to operate and manage the FAIR and Coastal plans; relates to residential and commercial property insurance; provides for the Insurance Rating Commission, assessments, charges and surcharges; provides for participating insurers and for insurance relating to fire, vandalism and malicious mischief insurance and homeowners insurance., LOUISIANA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking LA H.B. 2000, LAST-ACTION: JUNE 11, 2003; To SENATE Committee on INSURANCE., Provides that rates for homeowners insurance may not vary more than 5% between parishes that are contiguous., LOUISIANA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Maryland**

2003 Bill Tracking MD H.B. 966, LAST-ACTION: MARCH 19, 2003; To SENATE Committee on FINANCE., Authorizes an insurer to cancel a specified policy of homeowner's insurance under specified circumstances., MARYLAND BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Massachusetts**

2003 Bill Tracking MA H.B. 1877, LAST-ACTION: JANUARY 1, 2003; Filed as House Docket 2002., Relates to group marketing plans for automobile and homeowner insurance., MASSACHUSETTS BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking MA H.D. 2171, LAST-ACTION: JANUARY 1, 2003; Assigned HOUSE Bill No. 2075. Relates to homeowners insurance., MASSACHUSETTS BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking MA H.B. 2075, LAST-ACTION: JANUARY 1, 2003; Filed as House Docket 2171., Requires homeowners insurance to cover domestic animals., MASSACHUSETTS BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking MA S.D. 1808, LAST-ACTION: JANUARY 1, 2003; Assigned SENATE Bill No. 898., Relates to fairness regarding homeowners insurance., MASSACHUSETTS BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Michigan**

2003 Bill Tracking MI H.B. 5083, LAST-ACTION: SEPTEMBER 25, 2003; To HOUSE Committee on INSURANCE., Provides that it is an unfair method of competition and an unfair or deceptive practice for an insurer that delivers, issues for delivery or renews in the State an automobile or home insurance policy to rate, cancel coverage on, refuse to provide coverage in, or refuse to issue or renew such policy solely because an insured or applicant is or has been a victim of domestic violence., MICHIGAN BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Minnesota**

2003 Bill Tracking MN H.B. 76 LAST-ACTION: JANUARY 16, 2003; To HOUSE Committee on COMMERCE, JOBS AND ECONOMIC POLICY., Relates to insurance; prohibits credit scoring for

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automobile and homeowner's insurance., MINNESOTA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking MN H.B. 291, LAST-ACTION: FEBRUARY 6, 2003; To HOUSE Committee on COMMERCE, JOBS AND ECONOMIC DEVELOPMENT., Relates to insurance; prohibits cancellation or nonrenewal of automobile or homeowner's policies under certain circumstances., MINNESOTA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking MN S.B. 65; LAST-ACTION: JANUARY 16, 2003; To SENATE Committee on COMMERCE AND UTILITIES., Relates to insurance; regulates nonrenewals of homeowner's insurance; prohibits various discriminatory practices in automobile and homeowner's insurance., MINNESOTA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking MN S.B. 157; LAST-ACTION: JANUARY 28, 2003; To SENATE Committee on COMMERCE AND UTILITIES., Relates to insurance; requires notice to the homeowner prior to cancellation of homeowner's insurance for nonpayment of premium by a mortgage escrow servicer., MINNESOTA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking MN H.B. 180, LAST-ACTION: JANUARY 23, 2003; To HOUSE Committee on COMMERCE, JOBS AND ECONOMIC DEVELOPMENT., Relates to insurance; requires notice to the homeowner prior to cancellation of homeowner's insurance for nonpayment of premium by a mortgage escrow service., MINNESOTA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking MN H.B. 814, LAST-ACTION: MARCH 10, 2003; To HOUSE Committee on COMMERCE, JOBS AND ECONOMIC DEVELOPMENT., Regulates nonrenewals of homeowner's insurance; prohibits various discriminatory practices in automobile and homeowner's insurance., MINNESOTA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**New Hampshire**

2003 Bill Tracking NH H.B. 115, LAST-ACTION: JANUARY 8, 2003; Filed as LSR 209., Relates to nonrenewal of homeowner's insurance policies., NEW HAMPSHIRE BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NH H.B. 174, LAST-ACTION: JANUARY 10, 2003; To HOUSE Committee on COMMERCE., Relates to homeowner's insurance and the ownership of certain breeds of dogs., NEW HAMPSHIRE BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NH H.B. 460, LAST-ACTION: JUNE 17, 2003; Chapter No., Relates to timely submission of reports and taxes to the Insurance Department; adds terrorism to the perils not included in a fire insurance contract; requires electronic funds transfer of taxes for certain insurers; increases the fine to an insurer for failure to comply with certain automobile insurance laws; prohibits nonrenewal of homeowner's insurance for filing of a valid claim; relates to insurance sales by credit unions., NEW HAMPSHIRE BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NH H.B. 557LAST-ACTION: MARCH 25, 2003; Failed to pass HOUSE., Prohibits cancellation of or rate increases in homeowners insurance based on the number of claims; prohibits motor vehicle insurers from using credit information for underwriting purposes., NEW HAMPSHIRE BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

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2003 Bill Tracking NH L.S.R. 209, LAST-ACTION: OCTOBER 8, 2002; Assigned Bill Number: HB 115, Relates to nonrenewal of homeowners insurance policies., NEW HAMPSHIRE BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NH L.S.R. 579, LAST-ACTION: DECEMBER 6, 2002; FILED., Relates to homeowner's insurance and the ownership of certain breeds of dogs., NEW HAMPSHIRE BILL TRACKING STATENET Copyright © 2002 by State Net(R), All Rights Reserved.

2003 Bill Tracking NH L.S.R. 1034, LAST-ACTION: DECEMBER 16, 2002; FILED., Bans cancellation or rate increase on homeowners policies based on the number of claims; prohibits motor vehicle insurers from using credit information for underwriting purposes., NEW HAMPSHIRE BILL TRACKING STATENET Copyright © 2002 by State Net(R), All Rights Reserved.

2003 Bill Tracking NH L.S.R. 1170, LAST-ACTION: DECEMBER 20, 2002; Assigned Bill Number: S 201., Studies insurance practices relative to homeowner's insurance., NEW HAMPSHIRE BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**New Mexico**

2003 Bill Tracking NM H.B. 933, LAST-ACTION: MARCH 24, 2003; Action postponed indefinitely., Relates to insurance; prohibits homeowner insurers from canceling or not renewing a policy based on the submission of not-at-fault claims., NEW MEXICO BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**New Jersey**

2002 Bill Tracking NJ A.B. 509, LAST-ACTION: MARCH 4, 2002; From ASSEMBLY Committee on BANKING AND INSURANCE., Provides for assignment of certain homeowners insurance policies under certain circumstances., NEW JERSEY BILL TRACKING STATENET Copyright © 2002 by State Net(R), All Rights Reserved

2002 Bill Tracking NJ A.B. 1975, LAST-ACTION: SEPTEMBER 26, 2002; To SENATE Committee on COMMERCE., Modifies application of certain homeowners insurance deductibles in certain urban areas., NEW JERSEY BILL TRACKING STATENET Copyright © 2002 by State Net(R), All Rights Reserved.

2002 Bill Tracking NJ A.B. 3872, LAST-ACTION: JUNE 28, 2003; To ASSEMBLY Committee on BANKING AND INSURANCE., Prohibits use of certain underwriting guidelines pertaining to dogs harbored on property insured under homeowners policies., NEW JERSEY BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**New York**

2003 Bill Tracking NY A.B. 36, LAST-ACTION: JANUARY 8, 2003; To ASSEMBLY Committee on INSURANCE., Authorizes the superintendent of insurance to take appropriate action to increase levels of participation by insurers in the coastal market assistance program if it is found that such program is not working to appreciably increase the availability and placement of meaningful homeowner's insurance., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

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2003 Bill Tracking NY A.B. 54LAST-ACTION: MARCH 10, 2003; To SENATE Committee on INSURANCE., Provides for the establishment of residential home safety and loss prevention courses certified by the Superintendent of Insurance; requires insurers to provide accurately appropriate discounts on fire and homeowners insurance premiums to those homeowners who have completed a residential home safety and loss prevention course., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY A.B. 270, LAST-ACTION: MARCH 24, 2003; To SENATE Committee on INSURANCE., Prohibits discrimination in the issuance of homeowner's insurance policies based upon the subject property's location or age of structures contained thereon; makes various provisions clarifying prohibition on refusal to issue or renew certain policies including homeowner's fire and extended coverage based solely on geographical location., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY A.B. 1105; LAST-ACTION: JANUARY 14, 2003; To ASSEMBLY Committee on INSURANCE., Authorizes reduction in rates of homeowner insurance premiums for residential property and commercial risk insurance premiums for real property fitted with window and door coverings designed to minimize hurricane damage that meet the standards of the Superintendent of Insurance., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY A.B. 2661, LAST-ACTION: JANUARY 29, 2003; To ASSEMBLY Committee on INSURANCE., Provides that no insurer shall take into consideration or include in any calculation or formula for the making of homeowners' insurance rates, the credit history of any person, nor shall any person be denied homeowners' insurance as a result of such credit history., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY A.B. 2777, LAST-ACTION: JUNE 18, 2003; To SENATE Committee on RULES., Requires all homeowners insurance policies which insure against property damage to clearly provide that oil spills from defective underground heating oil tanks shall constitute property damage within the coverage afforded in such policy and are insurable within the meaning of the general liability portions of the policy., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY A.B. 3722; LAST-ACTION: FEBRUARY 10, 2003; To ASSEMBLY Committee on INSURANCE., Directs the Superintendent of Insurance to establish standards for notice of cancellation, non-renewal, or conditional renewal for certain homeowners' policies and policies on property located in areas served by a market assistance program established by the Superintendent for the purpose of facilitating placement of homeowners' insurance., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY A.B. 4527, LAST-ACTION: MARCH 10, 2003; To SENATE Committee on INSURANCE., Relates to homeowners insurance and catastrophe coverage and the New York Property Insurance Underwriting Association; makes certain provisions permanent., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY A.B. 4726LAST-ACTION: MAY 12, 2003; To SENATE Committee on INSURANCE., Requires the Superintendent of Insurance to publish a report ranking insurers providing fire, extended coverage, additional peril and homeowners insurance in underserved areas; provides credits for certain insurers who write such policies in underserved areas., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

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2003 Bill Tracking NY A.B. 4914; LAST-ACTION: FEBRUARY 24, 2003; To ASSEMBLY Committee on INSURANCE., Authorizes an actuarially appropriate reduction in homeowner insurance rates for residential real property if an approved above or in ground swimming pool is equipped with a pool alarm which notifies the insured of an unauthorized entry or usage., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY A.B. 4955, LAST-ACTION: MARCH 24, 2003; To SENATE Committee on INSURANCE., Requires insurers insuring property in floodplains to include damages done by wave action or windblown waves and make available to all insureds who reside in single family homes in a floodplain homeowners insurance covering such damage., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY A.B. 6577; LAST-ACTION: MARCH 4, 2003; To ASSEMBLY Committee on INSURANCE., Provides that the maximum discount on fire or homeowner's insurance on residential property for protective devices shall be based on sound actuarial practices and limited only by sound actuarial determination., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY A.B. 6761, LAST-ACTION: MAY 6, 2003; To ASSEMBLY Committee on CODES., Prohibits insurers from refusing to issue or renew, cancel, or charge or impose an increased premium for homeowners' insurance policies based on the breed of a dog owned., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY S.B. 587, LAST-ACTION: FEBRUARY 4, 2003; From SENATE Committee on INSURANCE., Allows for a reduction in the rates of homeowners insurance premiums and tenants insurance premiums applicable to residential real property in locations that have an active neighborhood watch organization program or neighborhood crime prevention company program approved by the superintendent of insurance., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY S.B. 1252; (NEW BILL), LAST-ACTION: JANUARY 29, 2003; To SENATE Committee on ENVIRONMENTAL CONSERVATION., Requires all homeowners insurance policies which insure against property damage to clearly provide that oil spills from defective underground heating oil tanks shall constitute property damage within the coverage afforded in such policy and are insurable within the meaning of the general liability portions of the policy., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY S.B. 1642; LAST-ACTION: FEBRUARY 10, 2003; To SENATE Committee on INVESTIGATIONS, TAXATION AND GOVERNMENT OPERATIONS., Provides a personal income tax credit of up to \$ 350 for homeowners whose homeowner's insurance rate exceeds the mean of such rates in cities with a population of 100,000 or more; and requires the superintendent of insurance to annually compute the mean rate of premium charged per thousand for homeowner's and fire insurance., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY S.B. 3888; LAST-ACTION: APRIL 4, 2003; To SENATE Committee on INSURANCE., Prohibits insurers from refusing to issue or renew, cancel, or charge or impose an increased premium for homeowners' insurance policies based on the breed of a dog owned., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

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2003 Bill Tracking NY S.B. 5309 LAST-ACTION: MAY 29, 2003; To SENATE Committee on RULES., Relates to petroleum discharges; provides defense to certain liability for such discharges; enacts provisions relating to homeowners policies covering such discharges and provides disclosure requirements., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NY S.B. 5700, LAST-ACTION: JUNE 26, 2003; Chapter No., Extends certain provisions of the Insurance Law relating to the New York Property Insurance Underwriting Association and Chapter 42 of 1996 relating to homeowners' insurance, to extend effectiveness thereof., NEW YORK BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**North Carolina**

2003 Bill Tracking NC H.B. 997, LAST-ACTION: APRIL 9, 2003; To HOUSE Committee on RULES, CALENDAR, AND OPERATIONS OF THE HOUSE., Amends the insurance laws regarding homeowners' insurance coverage for structures other than residential dwellings., NORTH CAROLINA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking NC S.B. 769, LAST-ACTION: JUNE 5, 2003; Session Law Number, Establishes rate setting and rate-approval methods for the beach plan homeowners policy and to provide incentives to beach and coastal area homeowners who establish and maintain risk prevention and risk mitigation measures; extends the deadline for issuance of the homeowners policy product by the beach plan., NORTH CAROLINA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**South Carolina**

2003 Bill Tracking SC H.B. 4276; LAST-ACTION: MAY 22, 2003; To HOUSE Committee on LABOR, COMMERCE AND INDUSTRY., Enacts the Property and Casualty Insurance Personal Lines Modernization Act; relates to conditions under which insurance premiums may be raised; deletes fire, allied lines, and homeowners' insurance from this requirement; deletes a provision authorizing a private insurer to underwrite certain essential property insurance and to file for rate increase under certain circumstances., SOUTH CAROLINA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking SC S.B. 686; LAST-ACTION: MAY 7, 2003; To SENATE Committee on BANKING AND INSURANCE., Enacts the Property and Casualty Insurance Personal Lines Modernization Act; relates to conditions under which insurance premiums may be raised; deletes fire, allied lines and homeowners' insurance from this requirement; deletes a provision authorizing a private insurer to underwrite certain essential property insurance and to file for rate increase under certain circumstances., SOUTH CAROLINA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Tennessee**

2003 Bill Tracking TN H.B. 283, LAST-ACTION: MARCH 3, 2003; Withdrawn from HOUSE Committee on COMMERCE., Relates to homeowners insurance., TENNESSEE BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking TN H.B. 284, LAST-ACTION: MARCH 3, 2003; Withdrawn from HOUSE Committee on COMMERCE., Relates to homeowners insurance., TENNESSEE BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

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2003 Bill Tracking TN S.B. 122, LAST-ACTION: FEBRUARY 6, 2003; To SENATE Committee on COMMERCE, LABOR AND AGRICULTURE., Relates to homeowners insurance rates and premiums, and rates based on credit reports., TENNESSEE BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved

2003 Bill Tracking TN S.B. 123, LAST-ACTION: FEBRUARY 6, 2003; To SENATE Committee on COMMERCE, LABOR AND AGRICULTURE., Relates to homeowners insurance, including annual premium and rate increases., TENNESSEE BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Texas**

2003 Bill Tracking TX H.B. 1178, LAST-ACTION: FEBRUARY 27, 2003; To HOUSE Committee on INSURANCE., Relates to a required discount in homeowners' insurance premiums for the use of an insulating concrete form system., TEXAS BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking TX H.B. 1338, LAST-ACTION: JUNE 20, 2003; Signed by GOVERNOR., Relates to the amount of homeowners insurance or other residential property insurance required in connection with certain financing arrangements., TEXAS BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking TX H.B. 2954 LAST-ACTION: MARCH 27, 2003; To HOUSE Committee on INSURANCE., Relates to requirements for certain discounts for homeowners insurance coverage., TEXAS BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking TX S.B. 581, LAST-ACTION: JUNE 20, 2003; Signed by GOVERNOR., Relates to a required discount in homeowners' insurance premiums for the use of an insulating concrete form system., TEXAS BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Virginia**

2002 Bill Tracking VA H.B. 2443, LAST-ACTION: JANUARY 28, 2003; In HOUSE Committee: Passed by indefinitely., Concerns homeowner's insurance policy nonrenewals., VIRGINIA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2002 Bill Tracking VA S.B. 272, LAST-ACTION: FEBRUARY 4, 2002; Withdrawn from further consideration., Prohibits insurers and agents from setting rates or making policy issuance and renewal decisions for motor vehicle insurance, homeowners insurance, and renters insurance on the basis of a person's credit history, lack of credit history, or credit score., VIRGINIA BILL TRACKING STATENET Copyright © 2002 by State Net(R), All Rights Reserved.

**Washington**

2003 Bill Tracking WA H.B. 1895, LAST-ACTION: FEBRUARY 13, 2003; To HOUSE Committee on FINANCE., Limits when the presence of a dog may affect the availability of homeowner's insurance., WASHINGTON BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

2003 Bill Tracking WA S.B. 5950, LAST-ACTION: FEBRUARY 24, 2003; To SENATE Committee on FINANCIAL SERVICES, INSURANCE AND HOUSING., Limits when the presence of a dog may affect the availability of homeowner's insurance., WASHINGTON BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.



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**West Virginia**

2003 Bill Tracking WV S.B. 376, LAST-ACTION: JANUARY 28, 2003; To SENATE Committee on BANKING AND INSURANCE., Relates to declination of automobile liability insurance and homeowner's insurance solely based on adverse credit reports; requires certain carriers to provide counseling and information to consumers if policies are reredited using credit scoring., WEST VIRGINIA BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.

**Wyoming**

2003 Bill Tracking WY S.B. 80 LAST-ACTION: JANUARY 17, 2003; To SENATE Committee on CORPORATIONS, ELECTIONS AND POLITICAL SUBDIVISIONS., Requires that homeowners' policies provide notice of possible subsequent cancellation; provides that notice of cancellation, nonrenewal and renewal on lesser terms apply to homeowners' policies., WYOMING BILL TRACKING STATENET Copyright © 2003 by State Net(R), All Rights Reserved.