
Addendum: for use with Maine Property & Casualty online ExamFX courses and study guide version 22327en/22344en per exam content outline updates effective 11/29/2019.

The following are revisions to the existing text:

Maine Laws and Rules Common to Property and Casualty Only

A. Types of Insurers and Insurance Transactions

5. Surplus Lines Law – section revised as follows:

Surplus lines insurance coverage provides risk protection for parties who have sought insurance through authorized insurers and who, after diligent efforts, have been unable to procure such insurance.

The following types of insurance must be procured from authorized insurers and are **not eligible** for coverage obtained in the surplus lines market:

- Life insurance;
- Health insurance;
- Employees excess benefits insurance; and
- Reinsurance.

In this state, surplus lines insurance must be:

- Purchased through a licensed producer with surplus lines authority;
- Necessary for the protection of a risk;
- Written in compliance with state regulations; and
- Unavailable through authorized insurers.

The following insurance may be purchased through a surplus lines insurer without requiring the unavailability of authorized insurers:

- Wet marine and transportation insurance;
- Vehicles and aircraft housed outside the state;
- Railways and their equipment used in interstate commerce;
- Commercial aircraft manufacturers and commercial aircraft used for interstate commerce; and
- Insurance for exempt commercial purchasers, as long as:
 - The producer discloses that insurance may be available through the admitted market; and
 - The purchaser requests in writing to receive coverage through a nonadmitted insurer.

Producers are prohibited from knowingly placing surplus lines insurance from an insolvent or otherwise ineligible insurer. Any producer who knowingly or negligently fails to comply with the evidence of insurance regulations set by the state is subject to legal action including fines and revocation of licensing.

The Superintendent may approve an insurer's eligibility to sell surplus lines insurance in this state, only if the insurer:

- Is authorized to write insurance in its domicile;
- Has maintained a good reputation and financial integrity in the market; and
- Maintains capital and surplus, equal to or greater than:
 - \$15,000,000; or
 - An equivalent amount if domiciled outside of Maine.

For insurers which do not meet the capital and surplus requirements, the Superintendent may still approve the insurer on the basis of the insurer's quality of management, capital and surplus of a parent company, underwriting and investment trends, market availability, or company records and reputation. Excepted insurers must maintain a capital and surplus of \$4,500,000.

The Superintendent is responsible for publishing a list of eligible surplus lines insurers and must mail a listing to each licensed producer in the state.

Insurers domiciled outside of the United States may be eligible to sell surplus lines insurance, as long as the insurer is listed on the NAIC's quarterly listing of alien insurers.

Surplus lines contracts written in this state must contain a disclaimer on the document stating that, *"This insurance contract is issued pursuant to the Maine Insurance Laws by an insurer neither licensed by nor under the jurisdiction of the Maine Bureau of Insurance."*

Surplus lines producers must file a bond with the state in the amount of \$20,000 which must remain in force throughout the period that the producer is marketing surplus lines coverage. If the surety bond company cannot continue the bond and must cancel the protection, the producer and the state will be notified 30 days prior to the termination of the bond.

Maine Laws and Rules Pertinent to Casualty Only

A. Automobile Insurance

1. Financial Responsibility – *addition to the existing text*

Motor vehicle liability policies must provide coverage equal to or greater than **\$2,000** per person for medical costs resulting from an accident. Medical payment limits apply to medical costs incurred during the year following the accident and do not apply to policies which insure four or more vehicles, a garage, an auto sales agency, a repair shop, a service station, or a public parking place.