

**PROGRAM DIVISION
BULLETIN**

2004-55

December 22, 2004

**IMPORTANT NOTICE REGARDING
COMMERCIAL AUTO CANCELLATIONS IN THE STATE OF MAINE**

Effective January 1, 2005, the Maine Legislature enacted new amendments to Title 29-A s 1601-A, requiring insurance companies to report to the Maine Secretary of State the cancellation, termination or lapse of motor vehicle policies covering vehicles registered in the State of Maine (which includes if the account is lost at renewal to competition). Currently, this new law applies to fleet and non-fleet policies and composite-rated policies. The state has yet to be specific as to where or to whom this info needs to be sent. The notice must include the following for each vehicle registered in Maine where coverage has ceased:

- Name of registered owner
- Address of registered owner
- Date of birth of registered owner
- Complete VIN number of registered vehicle

The statute provides that "if a company knows that a replacement policy has been secured in place of the policy cancelled, terminated, lapsed or non-renewed, the company is not required to notify the Secretary of State". However, because the statute places an "affirmative knowledge" requirement upon the company, you will need to document the file as to the replacement coverage in order to avoid the need to file such notice to the Secretary of State. Please see the info noted below for instructions on documenting the underwriting file.

This new law, like many other state DMV reporting laws, is designed to enhance the states ability to police all registered vehicles in the state to ensure that all vehicles driven on Maine roadways are in compliance with the Maine Financial Responsibility laws. While an effort is underway to encourage Maine amend their law to exclude commercial, fleet and composite rated polices, until such amendment is enacted, we must comply with this law as described effective January 1, 2005. While this information will sometimes be difficult for us to obtain, **we must obtain this information in order to be in compliance with this new Maine law.**

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**LEXINGTON INSURANCE COMPANY
PROGRAM DIVISION**

100 Summer Street/19th Floor, Boston, MA 02110
phone 617-330-1100 / fax 617-330-8595

If the underwriter has a Commercial Automobile policy with Maine exposure, and the underwriter cancels, terminates or the policy has a lapse in coverage, for any reason, or if we lose the policy at renewal to competition, the underwriter must obtain the required four (4) data elements described above and report them to the Maine Secretary of State to ensure compliance with this new law. The underwriter must make sure that the name of the registered owner is a named insured on the policy and that the registered owners address matches the address on the policy. Also, the underwriter must obtain the complete VIN number(s) of the vehicle(s) on the policy. In lieu of the "birth date" of a registered owner that is not a natural person (i.e. a corporation), you should use the date of incorporation of the named insured.

The only exception to reporting a cancelled, terminated, lapsed policy, or a policy lost at renewal to competition, is if the previous carrier has "*affirmative knowledge*" that another carrier has picked up the coverage for the insured. The file must contain documentation containing one or more of the following which would support the company's decision not to file the notice with the Secretary of State:

- Obtaining a copy of the Dec page from the new carrier that replaces our coverage/policy.
- Obtaining a copy of the binder from the new carrier that replaces our coverage/policy.
- A fax memo from the broker advising us that they have replaced coverage and indicating the information specified below.

The fax memo should contain the following:

- The broker's name, address and contact person.
- Reference to our expiring / cancelled insured name, policy number and policy period.
- The new carriers name, policy number and effective date

This documentation must be maintained in the underwriting file for future reference and as proof that we have affirmative knowledge that another carrier has, in fact, picked up the coverage after us in accordance with Maine law.

A sample fax memo from the broker showing all of the elements required to prove affirmative knowledge is inserted at the end of this document. Any fax that you receive from your broker must contain all of the information noted.

We will advise you with any future changes. We will also inform you as to where this info needs to be sent, but you should begin collecting this information as of the effective date.

We thank you for your cooperation. If you have any questions, please contact your Program Manager.

Date

*Re: AIG First Named Insured
AIG expired / cancelled Policy Number
AIG policy period: (i.e. 01/01/04 to 01/01/05)*

Dear Mr. Underwriter,

This is to confirm that the captioned policy has been replaced with the ABC Insurance Company effective 01/01/05.

Sincerely,

*Joe Broker
XYZ Brokerage, Inc.
123 Main Street
Anywhere, USA, 12345
(212)-555-1234*