

Brenda Lavalley v. Massachusetts Bay Insurance Company

Held July 8, 2014 – Docket No. INS-14-2064

Decision Issued: July 29, 2014

The named insured requested a hearing to contest the nonrenewal of her homeowners policy because of missing siding on the house and garage, and a sagging garage roof. The policy includes a guaranteed renewal provision.

Held: For the insured. Although 24-A M.R.S. § 3051 allows nonrenewal if based upon a reason that is in good faith and related to the insurability of the property, contractual requirements must also be considered. While an insurer is free to establish terms in its policy contract that are more favorable to the insured than what is provided in statute, the insurer is then bound by such terms and may be precluded from taking action that would otherwise be allowed by statute. As the insurer failed to demonstrate that the guaranteed renewal provision did not apply, the contract does not allow a nonrenewal. Accordingly, the viability of the company's reason for nonrenewal was not assessed.