

Keith L. and Jeanne P. Smith v. State Farm Fire & Casualty Company

Held October 6, 2015 – Docket No. INS-15-2109

Decision Issued: November 10, 2015

The named insured requested a hearing to contest the nonrenewal of homeowners policy for the company's stated inability to rate for the insureds' loss history. The company failed to demonstrate a rate inadequacy due to losses that occurred outside of the current experience period.

Held: For the insured. 24-A M.R.S. § 3051 permits nonrenewal for a reason that is in good faith and related to the insurability of the property. The company demonstrated that it has rating factors to surcharge for paid losses within the most recent three and five years; and argued that it cannot adequately price the renewal because of four losses that occurred outside those periods (in 1997, 1998, 2001, and 2009.) The company failed to establish the relevance of those losses to current expected loss frequency/rate adequacy.