



Department of Professional & Financial Regulation

Bureau of Insurance



Bulletin 491

Compliance with Excluded Driver Law for Personal Automobile Insurance

The Maine Bureau of Insurance issues this bulletin to provide clarity and ensure compliance with 24-A M.R.S. § 2916-B of the Maine Automobile Insurance Cancellation Control Act (“MAICCA”), which governs the exclusion of drivers from automobile insurance policies that are subject to the Act. This statute allows driver exclusions in private passenger automobile insurance policies in certain limited circumstances and only if certain requirements are met.

Under 24-A M.R.S. § 2916-B any driver exclusion must meet all of the following criteria.

1. Reasons. The exclusion must be made for the reason of avoiding cancellation or nonrenewal of an automobile insurance policy and to allow an insurer to provide or to continue to provide coverage without an unreasonable risk. The exclusion may only be applied to a specific, named individual identified in the policy.

2. Agreement of the policyholder and insurer. The exclusion must be agreed to in writing by the policyholder and the insurer. This ensures that the policyholder consents to the exclusion.

3. Underwriting risk justification. The carrier must be able to demonstrate that an excluded driver has committed an act for which the policy can be cancelled under 24-A M.R.S. § 2914(4) or for which the insurer could refuse to renew under 24-A M.R.S. § 2916-A(1)(2).

4. Policy endorsement. The exclusion must be documented through an endorsement to the policy, clearly specifying the excluded driver and the terms of the exclusion. The endorsement must be filed with and approved by the Bureau, and both the policyholder and the insurer must sign the form. The endorsement must also contain the following notice in conspicuous print:

"NOTICE TO POLICYHOLDER IF THE PERSON EXCLUDED FROM COVERAGE BY THIS ENDORSEMENT IS UNDER THE AGE OF 18 YEARS, YOU CAN BE HELD LIABLE UNDER STATE LAW FOR THE PERSON'S NEGLIGENCE WHEN THE PERSON OPERATES YOUR VEHICLE WITH YOUR PERMISSION. YOUR POLICY DOES NOT INSURE YOU AGAINST THIS LIABILITY."

5. Exclusion must be listed on evidence of insurance or financial responsibility. Pursuant to 29-A M.R.S. § 1601(10) the policyholder's evidence of insurance or financial responsibility must list any person excluded by the policy.

Although not specifically required by 24-A M.R.S. § 2916-B, it is a best practice for the insurer or policyholder to also obtain an acknowledgement signature from the excluded driver. The Bureau of Insurance expects insurers selling automobile policies that are subject to the MAICCA to have appropriate rules and procedures in place, including staff training and documentation, to demonstrate compliance with 24-A M.R.S. § 2916-B.

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