

## **Bulletin 334**

### **Automobile Insurance Rating and Underwriting of Insureds Based on Advancing Age Prohibited**

This bulletin is intended to clarify application of 24-A M.R.S.A. § 2916 to automobile insurance policies. Section 2916, which applies to personal auto insurance, reads as follows:

No insurance company authorized to transact business in this State shall cancel, reduce liability limits, refuse to renew or increase the premium of any automobile insurance policy of any kind whatsoever for the sole reason that the person to whom such policy has been issued has reached a certain age.

The Bureau has received personal automobile insurance rate and rule filings that contain higher rates or rate factors for older drivers. Examples include increased classification rate factors for operators over age 70 or 75. Often the increase in rates with increasing age is part of a multivariate analysis of loss expectation. Insurers are reminded that all automobile insurance rating plans are subject to the provisions of Section 2916 and that an insured's premium may not increase solely due to the advancement in age or the movement to another age group. It is the Bureau's position that an insured's premium may not increase if the only change is the change in the age of the insured.

Insurers are also reminded that by law they may not refuse to issue a policy solely because the applicant is age 65 or older. See 24-A M.R.S.A. § 2902-C. This prohibition applies to both personal and commercial motor vehicle liability insurance.

If you have any questions on this bulletin or rating based on the age of the insured you may call 1-800-300-5000 (instate) or 207-624-8475 and ask to speak to the Property Casualty Actuary.

August 5, 2005 \_\_\_\_\_

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Superintendent of Insurance

NOTE: This bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties or privileges nor is it intended to provide legal advice. Readers are encouraged to consult applicable statutes and regulations and to contact the Bureau of Insurance if additional information is needed.