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INSURANCE LAW BULLETIN

Re: Administrative Law Judge Upholds Non-Renewal Of Automobile Policy

An Administrative Law Judge (ALJ) recently held that an insurer need not prove, as a matter of fact, that its insured was at fault in an accident in order to justify non-renewal of an automobile policy.

The insurer non-renewed the policy based on the insured's history of two at-fault accidents in a three-year period, which did not meet the insurer's underwriting standards or filed rating plan. The insured filed a complaint with the Maryland Insurance Administration (MIA), which upheld the insurer's decision to non-renew. The insured requested an evidentiary hearing and the MIA delegated authority to conduct the hearing to the Office of Administrative Hearings.

The ALJ held he did not have authority to make an independent determination of whether the insured was at fault in the accidents, only whether the insurer's decision to non-renew was based on a reasonable investigation and was not arbitrary or capricious. Applying this standard, the ALJ found it was reasonable for the insurer to rely upon the police report from the accident and the results of an independent adjuster's investigation, both of which indicated the insured was at fault. The ALJ also rejected the insured's argument that a finding of "not guilty" by a state criminal court was dispositive as to fault.

For further information, or a copy of the opinion, please contact **Michael R. McCann**, who represented the insurer in this matter, at 410-659-7764 or mmccann@fblaw.com, or **Ren L. Tundermann**, who heads the firm's insurance regulatory group, at 410-659-7766 or rtundermann@fblaw.com. Please visit our website at www.fblaw.com.

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