

Redefined Transportation LLC v. National Indemnity Company

Held February 11, 2016 – Docket No. INS-16-2004

Decision Issued: March 3, 2016

The insured requested a hearing to contest the cancellation of commercial auto insurance for a substantial change in the risk resulting from units inspected under the insured's motor carrier authority that are not scheduled on the policy. The company demonstrated that an additional unit had been inspected and recorded under the insured's federal carrier numbers.

Held: For the company. 24-A M.R.S. § 2908(2)(C) allows a company to cancel a casualty insurance policy for a substantial change in the risk increasing the risk of loss after coverage was issued or renewed. Although the insured argued that he no longer owned the unit in question, it was operating on the road still bearing his DOT and MC numbers and registration plates. As motor carrier endorsements were on file with federal authorities, the insurer would be required to cover bodily injury or property damage due to the negligent operation of any vehicle under those authorities even if not scheduled on the policy. Therefore, discovery of this vehicle being operated after the issuance of the policy constitutes a substantial change in the risk which increases the risk of loss.