

AIMU Marine Insurance Issues Seminar

Regulation of Marine Insurance
May 14, 2015

WIGGIN AND DANA

Ocean Marine Insurance Filing Requirements – An Update

WIGGIN **AND** DANA

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The Nationwide Marine Definition

- IMUA Summary

http://www.imua.org/Files/reports/The_Nationwide_Marine_Definition.html

- NAIC Summary

- MLA Proposal

Ocean Marine Insurance in US

- Largely written on an Admitted Basis
- State Regulated
- AIMU Table of States Statutory Ocean Marine Exemptions
<http://www.aimu.org/table-of-the-states-statutory-ocean-marine-and-pleasure-craft-exemptions.html>
- Most states have exemptions for rate and form filing requirements for Ocean or “Wet” Marine Insurance



Ocean Marine “Gray Areas”

- DC form filing: D.C. Code § 31-2714(a) removes filing requirements if insurer is insuring “exempt commercial risks,” which are large entities defined at D.C. Code § 31-2701(7).
- Illinois form filing: 215 Ill. Comp. Stat. 5/143 contains no marine exemptions. Ill. Admin Code tit. 50 § 2302.20(b) exempts inland marine insurance issued for business purposes; forms issued to “industrial insureds” are not required to be filed.
- Iowa form filing: No marine exemptions included in IAC 191-20.11.



Ocean Marine “Gray Areas”

- Kansas rate filing: Kan. Stat. Ann. § 40-955 contains no marine exemptions to its requirements, but may exempt certain special risks, including “large risks” and commercial risks “not rated according to manuals, rating plans, or schedules.”
- Kansas form filing: Form filing requirements subject to same exemptions as rate filing requirements. Regs. § 40-3-32 may exempt if the form “cannot practicably be filed before use.”
- Massachusetts form filing: Mass. Gen. Laws ch. 175 § 2B exempts policies that are not delivered to more than 50 policyholders; Mass. Gen. Laws Ann. ch. 175, § 224 exempts “large commercial policyholders.”

Ocean Marine “Gray Areas”

- Michigan rate and form filing: Mich. Comp. Laws § 500.2601(3) and 500.2236(8) exempts any vessels with a straight-line hull length of more than 24 feet.
- North Dakota form filing: N.D. Cent. Code § 26.1-30-19 contains no marine exemption from its requirements.
- Oklahoma rate filing: Okla. Stat. tit. 36 §§ 900.1-911 contain no marine exemptions.
- South Dakota form filing: S.D. Codified Laws § 58-11-13 exempts “specially rated inland marine risks” and any “forms of unique character designed for and used with relation to insurance upon a particular subject.”



Ocean Marine “Gray Areas”

- Washington rate filing: Wash. Admin. Code § 284-24-080(4) requires rates for pleasure craft 26 feet or less in length.
- Wisconsin form filing: Wis. Code § 631.20 contains no marine exemptions.



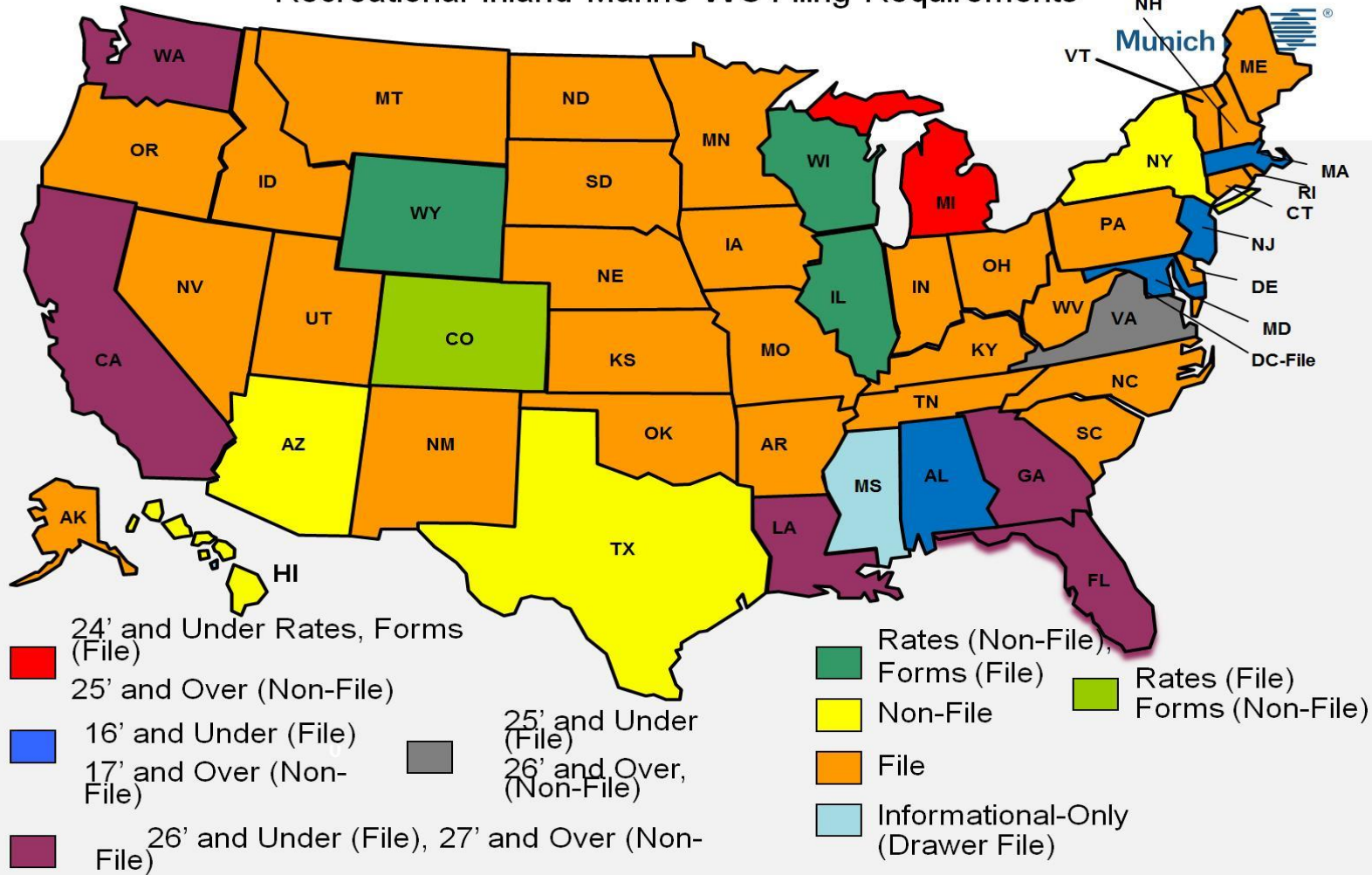
Recreational Marine: Boat, Yacht, PWC?

- More complex as may be considered Inland Marine, dependent upon length and type (26, 24, 16 feet, outboard, PWC, etc.)
- If included by endorsement to a homeowners policy, may be subject to filing requirements.
- May be impact if Credit Scoring is utilized in underwriting.
- AIMU has recently updated State Filing Chart.



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Recreational Inland Marine WC Filing Requirements



What to do if no clear exemption exists in a State Statute or Code for Ocean Marine Insurance?

- Contact State Department of Insurance for clarification? Ocean Marine may be treated as exempt by practice or custom? Obtain position in writing?
- Surplus lines approach?
- File?



Other Regulatory Considerations for Marine Insurance in U.S.

- State requirements for cancellation and non-renewal
- States requiring licensing of in-house Ocean Marine Adjusters (CT, DE, FL, KY, LA, NH, NM, OK, SC, TX, VT, WV)
- Sanctions/OFAC
- Restrictive Insurance Laws / Regulations for Marine Insurance

Contact Information



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